



**ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED**

(Incorporated in the Republic of Singapore)

(Company Registration No. 200609901H)

---

**PROPOSED ACQUISITION OF 72% OF THE ISSUED EQUITY INTEREST OF 湖州荻溪耕读生态  
农业发展有限公司 and 湖州荻溪渔隐文化产业有限公司**

---

**1. INTRODUCTION**

The Board of Directors (the “**Board**”) of Asia-Pacific Strategic Investments Limited (the “**Company**”) is pleased to announce that the Company had, on 10 July 2017, entered into a conditional sale and purchase agreement (the “**S&P Agreement**”) with 中房联合置业集团有限公司 (the “**Vendor**”) whereby the Company will acquire 72% of the rights and interests of and in 湖州荻溪耕读生态农业发展有限公司 and 湖州荻溪渔隐文化产业有限公司 (together, the “**Target Companies**”), being 72% of the entire registered and paid-up capital of the Target Companies (the “**Sale Interests**”), from the Vendor on the terms and conditions contained in the S&P Agreement (the “**Acquisition**”).

The Target Companies were part of the group of companies proposed to be acquired by the Company as part of its proposed acquisition of the Vendor pursuant to a sale and purchase agreement entered into by the Company on 11 January 2016 with 中房集团联合投资股份有限公司 and 中房联合集团企业管理有限公司 (the “**CREU Acquisition**”). The Company has decided to proceed with the acquisition of the Target Companies first while working towards the fulfilment of the conditions precedent for the CREU Acquisition.

**2. INFORMATION RELATING TO THE VENDOR AND THE TARGET COMPANIES**

*The information on the Vendor, the Target Companies and their ultimate shareholder in this Paragraph 2 and Appendix B to this Announcement was provided by the Vendor, which has been extracted and reproduced herein. In respect of such information, the Company has not independently verified the accuracy and correctness of the same and the Company's responsibility is limited to ensuring that such information has been accurately and correctly extracted and reproduced in this Announcement in its proper form and context.*

**2.1 The Vendor**

The Vendor is a company incorporated in the People's Republic of China (“**PRC**”) with its registered office at 北京市海淀区中关村南大街甲 18 号院 1-4 号楼 D 座 13-13D and whose principal business is that of management and investment consulting and investment holding. The ultimate shareholder of the Vendor is 中房集团联合投资股份有限公司 whose principal business is that of investments advisory and portfolio management.

Neither the Vendor nor any of its direct or indirect shareholders are related to the Company, or the directors or shareholders of the Company.

## 2.2 The Target Companies

湖州荻溪耕读生态农业发展有限公司 (“湖州农业”) is a company incorporated in the PRC with its registered office at 湖州市和孚镇工业功能区 (漾东矿区). 湖州农业 has, at the date of the S&P Agreement, a registered capital of RMB50,000,000 which has been fully paid up.

湖州茗溪渔隐文化产业有限公司 (“湖州文化”) is a company incorporated in the PRC with its registered office at 湖州市和孚镇工业功能区 (漾东矿区). 湖州文化 has, at the date of the S&P Agreement, a registered capital of RMB30,000,000 which has been fully paid up.

The Target Companies are real estate developers in the PRC and information on the real estate business, property and project of the Target Companies is set out in Appendix B to this Announcement.

## 3. KEY TERMS OF THE ACQUISITION

### 3.1 Sale and Purchase

Pursuant to the S&P Agreement, the Company shall acquire the Sale Interests, representing 72% of the rights and interests of and in the Target Companies, and being 72% of the entire registered and paid-up capital of the Target Companies, together with all rights, benefits and entitlements attaching thereto as at the date of completion (“**Completion Date**”) and thereafter. The remaining 28% of the registered and paid-up capital of the Target Companies will continue to be held by the Vendor after the completion of the Acquisition in accordance with the S&P Agreement (“**Completion**”).

### 3.2 Purchase Consideration

The aggregate consideration for the purchase of the Sale Interests shall be RMB57,600,000 (being approximately S\$11,693,000 using an exchange rate of RMB1.00 to S\$0.203 as at 3 July 2017 (*Source: The Business Times*)) (the “**Consideration**”). The Consideration was arrived at following arm’s length negotiations on a willing buyer willing seller basis, and taking into account the net tangible asset value of the Sale Interests (being RMB52,856,000 as at 31 March 2017).

The Consideration shall be payable in cash on Completion and will be funded using internal cash resources. Any funding required by the Target Companies post-Completion for their real estate development projects will be funded through internal cash resources, external bank borrowings or future capital markets fund raising.

### 3.3 Completion

Completion is conditional upon, *inter alia*, the conditions precedent specified in Appendix A to this Announcement (the “**Conditions Precedent**”) being fulfilled or waived in accordance with the terms of the S&P Agreement. Completion will take place on the date falling five (5) Business Days after the date on which all the Conditions Precedent are fulfilled or waived by the Company or the Vendor (as the case may be) in accordance with the terms of the S&P Agreement.

If the Conditions Precedent are not fulfilled or waived by the Company or the Vendor (as the case may be) by the date falling three (3) months after the date of the S&P Agreement or such other date as may be agreed in writing between the parties, the S&P Agreement shall terminate.

### **3.4 Value of the Sale Interests**

In this paragraph 3.4, the exchange rate of RMB1.00 to S\$0.203 as at 3 July 2017 (*Source: The Business Times*) has been used.

#### **3.4.1 Book Value/Net Tangible Assets Value**

Based on the unaudited management accounts of the Target Companies for the nine months ended 31 March 2017 (the "**Target Financial Statements**"), the Sale Interests have a book value and net tangible value of approximately RMB52,856,000 which is equivalent to approximately S\$10,730,000.

#### **3.4.2 Net Loss**

Based on the Target Financial Statements, the loss before income tax, minority interests and extraordinary items attributable to the Sale Interests is approximately RMB1,298,000 which is equivalent to S\$264,000.

### **3.5 Restrictive Covenants**

The Vendor has undertaken that it shall not, and has undertaken to procure that its related companies shall not, in the Relevant Territory during the Restricted Period carry on, be engaged in or be economically interested in any business which is of the same or similar type to the business of the Target Companies as carried on as at the Completion Date (namely, that of the real estate development business) and which is or is likely to be in competition with any part of the business of the Target Companies as carried on as at the Completion Date.

In this Section 3.5:

- (a) "Relevant Territory" shall mean Huzhou city of the PRC; and
- (b) "Restricted Period" shall mean twenty four (24) months commencing on Completion or such shorter period of time recognised by applicable law as being binding on the Vendor.

### **3.6 Service Contracts**

There are no persons proposed to be appointed as directors of the Company in connection with the Acquisition.

## **4. RATIONALE FOR THE ACQUISITION**

The Board is of the view that the Acquisition, if approved by the shareholders of the Company (the "**Shareholders**"), is in the best interests of the Company and the Shareholders for the following reasons:

- (a) it will enable the Company to enter the real estate development business in the Huzhou city of the PRC and capitalise on the expertise of the Target Companies' management which will in turn be overseen by the Board (of which Mr Yap Siew Sin, an independent director of the Company, has extensive experience as a consultant architect and a town planner, as well as in business management of numerous construction and property development projects in the PRC); and
- (b) notwithstanding that the Target Companies are currently loss-making as its projects are currently in the planning and/or design stage, the Acquisition will allow the Company and its subsidiaries (the "Group") to have better prospects of profitability and ensure long term growth as and when the Target Companies' projects commence sales and are eventually completed.

## 5. **FINANCIAL EFFECTS OF THE ACQUISITION**

### 5.1 **NTA per Share**

For illustrative purposes only and assuming that the Acquisition had been completed on 30 June 2016, being the end of the most recently concluded financial year, being financial year ended 30 June 2016 ("FY2016"), the proforma financial effects on the consolidated NTA of the Group for FY2016 will be as follows:

	<b>Before the Acquisition</b>	<b>After the Acquisition</b>
Consolidated NTA attributable to the shareholders of the Company (RM'000)	97,866	95,096
Number of shares (excluding treasury shares) ('000)	3,890,796	3,890,796
Consolidated NTA per share attributable to the shareholders of the Company (RM cents)	2.5	2.4

### 5.2 **Earnings per Share ("EPS")**

For illustrative purposes only and assuming that the Acquisition had been completed on 1 July 2015, being the start of FY2016, the proforma financial effects on the consolidated EPS of the Group for FY2016 will be as follows:

	<b>Before the Acquisition</b>	<b>After the Acquisition</b>
Loss attributable to the shareholders of the Company (RM'000)	(247,775)	(248,972)
Weighted average number of shares (excluding treasury shares) ('000)	3,101,660	3,101,660
Consolidated EPS (RM cents)	(8.0)	(8.0)

## 6. **THE ACQUISITION AS A MAJOR TRANSACTION**

Based on the latest unaudited financial statements of the Group for the nine months ended 31 March 2017 and the Target Financial Statements, the relative figures of the Acquisition

computed on the bases set out in Rule 1006(a) to (e) of Singapore Exchange Securities Trading Limited's Listing Manual Section B: Rules of Catalyst ("**Catalist Rules**") are as follows:

<b>Rule 1006(a)</b>	
Net value of the assets to be disposed of	Not applicable
Net asset value of the Group	Not applicable
Size of relative figure	Not applicable

<b>Rule 1006(b)</b>	
Net loss <sup>(1)</sup> attributable to the acquired assets	(\$264,000)
Net loss of the Group for the nine months ended 31 March 2017 <sup>(2)</sup>	(\$4,945,000)
Size of relative figure	5.3%

<b>Rule 1006(c)</b>	
Aggregate value of consideration to be given	S\$11,692,800
Company's market capitalization as at 7 July 2017 <sup>(3)</sup> , being the last traded market day immediately preceding the date of the S&P Agreement	S\$15,570,599
Size of relative figure	75.1%

<b>Rule 1006(d)</b>	
Number of equity securities to be issued by the Company as consideration for an acquisition	Not applicable
Number of equity securities in issue	Not applicable
Size of relative figure	Not applicable

<b>Rule 1006(e)</b>	
Aggregate volume or amount of proven and probable reserves to be disposed of	Not applicable
Aggregate of the Group's proven and probable reserves	Not applicable
Size of relative figure	Not applicable

**Notes:**

- (1) Under Rule 1002(3)(b) of the Catalist Rules, net profits is defined as profit or loss before income tax, minority interests and extraordinary items. The net loss figure used is extracted from the Target Financial Statements.
- (2) Under Rule 1002(3)(b) of the Catalist Rules, net profits is defined as profit or loss before income tax, minority interests and extraordinary items. The net loss figure used for comparison is the Target Companies' net loss for the nine-month period ended 31 March 2017 (as extracted from the Target Financial Statements) and the Group's net loss for the nine-month period ended 31 March 2017 (as extracted from the Group's unaudited consolidated accounts for the nine months ended 31 March 2017).

- (3) The market capitalisation of S\$ 15,570,599 is derived from the volume weighted average market price of S\$0.004 per Share as at 7 July 2017, being the last traded market day immediately preceding the date of the S&P Agreement (*Source: Bloomberg*). Based on issued share capital of 3,892,649,864 as at 7 July 2017.
- (4) The net loss of the Target Companies and the Consideration was converted into S\$ using the exchange rate of RMB1 to S\$0.203.

As the relative figure under Rule 1006 (c) of the Catalist Rules exceeds 75% but is less than 100%, the Acquisition constitutes a “Major Transaction” as defined under Chapter 10 of the Catalist Rules and will be subject to the approval of the Shareholders. Also, as the Acquisition will result in the Company entering into a new business sector, it will be subject to the approval of the Shareholders on the Company’s business diversification.

## **7. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors (other than in his capacity as a Director or shareholder of the Company) or controlling shareholders of the Company (other than through their respective shareholdings in the Company) has any interest, direct or indirect in the Acquisition.

## **8. FURTHER INFORMATION**

A circular containing further information on the Acquisition and such other transactions as contemplated in the S&P Agreement (the “**Circular**”), together with a notice of the extraordinary general meeting of the Company, will be dispatched by the Company to Shareholders in due course.

A copy of the S&P Agreement will be made available for inspection during normal business hours at the registered office of the Company for three (3) months from the date of this Announcement.

## **9. RESPONSIBILITY STATEMENT**

The Directors of the Company (including those who have been delegated supervision of this Announcement) collectively and individually accept full responsibility for the accuracy of the information given in this Announcement (save for information relating to the Vendor and the Target Companies) and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, the facts stated and opinions expressed in this Announcement are fair and accurate in all material respects as at the date hereof, and that there are no material facts the omission of which would make this Announcement misleading in any material respect.

The Vendor accepts full responsibility for the accuracy of the information given in this Announcement in respect of the Vendor and the Target Companies and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, the facts stated and opinions expressed by them in this Announcement in respect of the Vendor or the Target Companies are fair and accurate in all material respects as at the date hereof, and that there are no material facts in respect of the Target Companies the omission of which would make any statement in respect of the Target Companies misleading in any material respect.

## **10. CAUTION IN TRADING**

Shareholders are advised to exercise caution in trading their Shares. The Acquisition is subject to numerous conditions and further mutual due diligence. There is no certainty or assurance as at the date of this Announcement that the Acquisition will be completed, or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Acquisition and other matters contemplated by this Announcement. Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

**BY ORDER OF THE BOARD**

Dato' Dr. Choo Yeow Ming  
Chairman and Chief Executive Officer

10 July 2017

---

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor had not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Ng Joo Khin.  
Telephone number: 6389 3000. Email: [jookhin.ng@morganlewis.com](mailto:jookhin.ng@morganlewis.com)

## Appendix A

### SUMMARY OF CONDITIONS PRECEDENT

1. The satisfactory outcome of the legal, financial and commercial due diligence conducted by the Company in respect of the accounts, assets, personnel and businesses of the Target Companies.
2. The resolutions of the board of directors and shareholders of the Company having been obtained for the entry into, implementation and completion of, the transactions contemplated in the S&P Agreement, including in particular, the Acquisition.
3. The resolutions of the board of directors of the Vendor having been obtained for the entry into, implementation and completion of, the transactions contemplated to be entered into in the S&P Agreement.
4. Under the bylaws of the Target Companies, the sale and purchase of the Sale Interests and the revision of the bylaws of the Target Companies have received the necessary approvals of the Target Companies (including but not limited to the approval of the board of directors and/or the general meeting of the owners of the equity interests).
5. All necessary approvals, consents and waivers of any government bodies, stock exchange and other regulatory authority having jurisdiction over the transactions contemplated in the S&P Agreement (whether in Singapore, PRC and any other applicable jurisdiction) and all other transactions in connection therewith and incidental thereto, having been obtained by the Vendor or the Company, as relevant, including without limitation:
  - (a) the approval of the Ministry of Commerce People's Republic of China in Zhejiang Province being obtained by the Vendor in relation to the sale and purchase of the Sale Interests; and
  - (b) the approval certificate being obtained from the authorities at all levels inside the PRC responsible for examination and approval of changes in equity interests in foreign-invested enterprises in respect of the sale and purchase of the Sale Interests, the S&P Agreement and the bylaws of the Target Companies, such consents, approvals and waivers not having been amended, withdrawn or revoked before the Completion Date, and to the extent that such consent, approvals and waivers are subject to any conditions required to be fulfilled before the Completion Date, all such conditions having been duly fulfilled.
6. No governmental authority taking, instituting, implementing or threatening to take, institute or implement any action, proceeding, suit, investigation, inquiry or reference, or having made, proposed or enacted any statute, regulation, decision, ruling, statement or order or taken any steps, and there not continuing to be in effect or outstanding any statute, regulation, decision, ruling, statement or order which would or might:
  - (a) make the transactions contemplated in the S&P Agreement and all other transactions in connection therewith and incidental thereto, void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or otherwise frustrate or be adverse to the same;

- (b) render the Company unable to purchase all or any of the Sale Interests in the manner set out in the S&P Agreement; and/or
  - (c) render the Vendor unable to dispose of all or any of its Sale Interests in the manner set out in the S&P Agreement.
8. Each of the warranties provided by the Vendor being complied with, true, complete, accurate and correct in all material respects to the best knowledge and belief of the Vendor and the Company as at the date of the S&P Agreement and until the Completion Date.

## **Appendix B**

### **THE TARGET COMPANIES' REAL ESTATE BUSINESS, PROPERTIES AND PROJECTS**

The Target Companies are currently engaged in the Huzhou Project which is located at Digang Town, Nanxun District, Zhejiang Province in Huzhou, PRC. It is located in the west of Yangtze river, and has a total land area of approximately 333 hectares available for development. The Huzhou Project will involve the development of waterside villas, island residences and townhouses with a focus on wellbeing and healthy living facilities. The development will also feature hotels, leisure farm resorts and canal sightseeing facilities, with a view to building a community featuring the unique culture of the west of Yangtze river. The Huzhou Project is currently in the planning and design stage.