

ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200609901H)

**RESPONSES TO QUERIES RECEIVED FROM THE
SINGAPORE EXCHANGE REGULATIONS PTE LTD (“SGX REGCO”)**

The Board of Directors (the “**Board**”) of Asia-Pacific Strategic Investments Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement dated 5 January 2022 (the “**Announcement**”) and wishes to provide the following responses to the queries received from SGX RegCo on 6 January 2022 on the Announcement.

Unless otherwise defined, all capitalised terms used herein shall have the same meaning as ascribed thereto in the Announcement.

1. **The Company currently owns 72% and 78.2% of equity interests in Huzhou Agriculture and Grand Canal Group respectively.**

Within 6 months from the signing of the Framework Agreement, the Company shall obtain 100% equity interests of the Target and the Target shall obtain at least 400 mu (approximately 26.67 hectares) of Project Phoenix land use rights for residential development.

- a. **Who currently owns the remaining interests in Huzhou Agriculture and Grand Canal Group respectively?**

Company’s response:

The remaining interests in both Huzhou Agriculture and Grand Canal Group are owned by China Real Estate Group Union Co., Ltd (中房联合置业集团有限公司, the “**CREU**”), a company incorporated in the PRC. In November 2017, the Company had acquired 72% equity interest in the Target from CREU. CREU’s equity interests in Huzhou Agriculture remains unchanged at 28%. However, its equity interests in Grand Canal Group was diluted to 21.8% as a result of additional investments in the registered and paid-up capital of Grand Canal Group by the Company in March 2021, September 2021 and December 2021 respectively.

- b. **How much hectares of Project Phoenix land use rights does the Company own now for residential development?**

Company’s response:

Currently, the land under the Project Phoenix is agricultural land, which the Company has leased from the local government. The Company has the rights to convert the agricultural land into residential and commercial land by paying a premium to the local government.

- c. **How does the Company intend to obtain the remaining interests in the Target and obtain at least 400 mu of Project Phoenix land use rights for residential development?**

Company’s response:

The Company will discuss and negotiate with CREU to acquire the remaining interests in the Target. The Company and the Purchaser will work together to revise the Project Phoenix master development plan which was presented to the local government in April 2021. Upon approval of the master development plan, the Parties will negotiate with the local government to obtain at least 400 mu of Project Phoenix land use rights for residential development. Subject to the land-supply policies, the land use rights for residential development may be granted by the local government in stages.

2. a. Please provide more details on how the consideration of RMB300 million is derived.

Company's response:

The Consideration was arrived at on a willing-buyer-willing-seller basis, taking into account the cost of investments by the Company and CREU in the registered and issued share capital of the Target, the inter-companies loans and borrowings extended to the Target by the Company and related interest expenses.

b. Did the Company conduct a valuation? Or has the Company identified or appointed an independent valuer? If so, please name the valuer and provide the Board's assessment on experience and track record of the valuer. If not, please provide updates to shareholders upon such appointment.

Company's response:

The Company has not conducted a valuation nor identified or appointed an independent valuer at this time. The Company will engage an independent valuer to conduct a valuation during the due diligence process of the Target and the Company will provide the necessary update to the shareholders upon the appointment of the independent valuer.

3. The Group's hospitality business contributed almost 100% of the Group's revenue in FY2021.

What is the Company's remaining business that is revenue generating upon completion of the Proposed Disposal?

Company's Response:

As stated in the Announcement, the Company has commenced preliminary assessment to undertake the Agricultural Business and intends to diversify into Agricultural Business. The Company is in co-operation with Zhejiang Academy of Agricultural Sciences (浙江省农业科学院), a government agency, in conducting the preliminary assessment. The Company expects that the Agricultural Business will be the revenue generating business upon completion of the Proposed Disposal.

4. Is the Company focusing on Agricultural Business activities as its core business going forward? Does the Company's Board and management have the knowledge and expertise to run this diversified business?

Company's response:

The Company will focus on the Agricultural Business activities as one of its core businesses along with the Company's real estate business going forward should the Proposed Disposal materialise. The Company will continue to explore other real estate projects and other opportunities.

The Company's Board and management currently do not have the knowledge and expertise to operate the Agricultural Business. Notwithstanding, the Company will acquire the required expertise to operate the Agricultural Business in due course and the Group is confident of developing and building up the expertise required for the Agricultural Business over time.

BY ORDER OF THE BOARD

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

7 January 2022

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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