

## CIRCULAR DATED 20 JANUARY 2023

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER(S) IMMEDIATELY.**

*Unless otherwise defined, capitalised terms appearing on the cover of this Circular bear the same meanings ascribed to them in the section entitled "Definitions" of this Circular.*

If you have sold or transferred all your shares in the capital of Asia-Pacific Strategic Investments Limited (the "**Company**"), you should immediately inform the purchaser or transferee or bank, stockbroker or agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Circular (together with the Notice of EGM and accompanying Proxy Form) may be accessed at SGXNet or the Company's website.

**This Circular (together with the Notice of EGM and the accompanying Proxy Form) has been made available on SGXNet and the Company's website. A printed copy of this Circular will NOT be despatched to Shareholders. Shareholders will not be able to attend the EGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by (a) observing and/or listening to the EGM proceedings via "live" audio-visual webcast or "live" audio-only stream; (b) submitting questions "live" in advance of the EGM; and/or (c) "live" voting or appointing proxy(ies) or the Chairman of the EGM as proxy to vote on their behalf at the EGM.**

This Circular 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 "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this Circular, including correctness of any of the statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Ms. Lim Hui Ling, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg).

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

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED DISPOSAL OF 100% OF THE ISSUED SHARES IN ZHEJIANG ZHONGFANG YASHE HOTEL MANAGEMENT CO., LTD, A 100% OWNED SUBSIDIARY OF ZHONGFANG LIANHE GRAND CANAL CULTURE TOURISM GROUP CO., LTD, AND THE HOTEL AND RELATED ASSETS OWNED BY ZHONGFANG LIANHE GRAND CANAL CULTURE TOURISM GROUP CO., LTD, A 78.5%-OWNED DIRECT SUBSIDIARY OF THE COMPANY**

### **IMPORTANT DATES AND TIMES:**

Last date and time for lodgment of Proxy Form	:	4 February 2023 at 2.00 p.m.
Date and time of EGM	:	6 February 2023 at 2.00 p.m.
Place of Extraordinary General Meeting	:	The EGM will be held by way of electronic means.

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## DEFINITIONS

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In this Circular, the following definitions shall apply throughout unless the context otherwise requires or unless otherwise stated:

<b>“Acquisition Agreement”</b>	:	The equity and asset acquisition agreement dated 15 December 2022 between Grand Canal, Yashe and the Purchaser in relation to the Proposed Disposal
<b>“Assignment”</b>	:	Has the meaning ascribed to it in Section 1.1
<b>“Assignment Agreement”</b>	:	The debt assignment agreement dated 15 December 2022 between Grand Canal, Yashe and the Purchaser in relation to the Assignment
<b>“Board”</b>	:	The Board of Directors of the Company as at the Latest Practicable Date
<b>“Catalist Rules”</b>	:	The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Circular”</b>	:	This circular to Shareholders dated 20 January 2023
<b>“Claims”</b>	:	Has the meaning ascribed to it in Section 2.4(a)
<b>“Company”</b>	:	Asia-Pacific Strategic Investments Limited
<b>“Companies Act”</b>	:	The Companies Act 1967 of Singapore, as may be amended, modified or supplemented from time to time
<b>“Conditions”</b>	:	Has the meaning ascribed to it in Section 2.4(c)
<b>“Consideration”</b>	:	Has the meaning ascribed to it in Section 2.4(b)
<b>“Controlling Shareholder”</b>	:	A person who (a) holds directly or indirectly 15.0% or more of all voting shares in a company (unless otherwise determined by the SGX-ST); or (b) in fact exercises control over a company
<b>“Director”</b>	:	A director of the Company as at the Latest Practicable Date
<b>“EGM”</b>	:	The extraordinary general meeting of the Company to be held by electronic means at 2.00 p.m. on 6 February 2023, notice of which is set out on pages N-1 to N-3 of this Circular
<b>“EPS”</b>	:	Earnings per Share
<b>“First Payment”</b>	:	Has the meaning ascribed to it in Section 2.4(b)
<b>“FY2022”</b>	:	The financial year ended 30 June 2022
<b>“Grand Canal”</b>	:	Zhongfang Lianhe Grand Canal Culture Tourism Group Co., Ltd (中房联合大运河文化旅游集团有限公司), a 78.5%-owned direct subsidiary of the Company
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“Hotel”</b>	:	Anatole by Landison Hotel Huzhou
<b>“Hotel Assets”</b>	:	The Hotel and related assets

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## DEFINITIONS

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<b>“Independent Valuer”</b>	:	Has the meaning ascribed to it in Section 4.4(a)
<b>“Last Trading Day”</b>	:	9 December 2022, being the last trading day prior to the signing of the Acquisition Agreement and Assignment
<b>“Latest Practicable Date”</b>	:	The latest practicable date prior to the printing of this Circular, being 18 January 2023
<b>“MLS”</b>	:	Morgan Lewis Stamford LLC
<b>“NAV”</b>	:	Net asset value
<b>“Notice of EGM”</b>	:	The notice of EGM as set out on pages N-1 to N-3 of this Circular
<b>“NTA”</b>	:	Net tangible assets
<b>“PRC”</b>	:	People’s Republic of China
<b>“Proposed Disposal”</b>	:	Has the meaning ascribed to it in Section 1.1
<b>“Proxy Form”</b>	:	The proxy form accompanying the Notice of EGM
<b>“Purchaser”</b>	:	Huzhou Hongji Enterprise Management Co., Ltd. (湖州弘基企业管理有限公司)
<b>“RMB”</b>	:	Renminbi, the lawful currency of the PRC
<b>“Sale Shares”</b>	:	100% of the issued shares in Yashe
<b>“Second Payment”</b>	:	Has the meaning ascribed to it in Section 2.4(b)
<b>“Securities Account”</b>	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
<b>“SFA”</b>	:	The Securities and Future Act 2001 of Singapore, as amended, modified or supplemented from time to time
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	:	Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
<b>“Shareholders’ Approval”</b>	:	Has the meaning ascribed to it in Section 2.4(c)
<b>“Shares”</b>	:	Ordinary shares in the share capital of the Company
<b>“Side Letter”</b>	:	Has the meaning ascribed to it in Section 2.4(b)
<b>“Sponsor”</b>	:	PrimePartners Corporate Finance Pte. Ltd.
<b>“Substantial Shareholder”</b>	:	A person (including a corporation) who holds, directly or indirectly, 5% or more of the total issued Shares (excluding treasury shares) of the Company
<b>“S\$” and “cents”</b>	:	Singapore dollar and cents respectively

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## DEFINITIONS

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“Valuation Report”	:	Has the meaning ascribed to it in Section 4.4(a)
“Voting Undertakings”	:	Has the meaning ascribed to it in Section 5.3
“Yashe”	:	Zhejiang Zhongfang Yashe Hotel Management Co., Ltd (浙江中房雅舍酒店管理有限公司), a 100%-owned subsidiary of Grand Canal
“%” or “per cent”	:	Per centum or percentage

The term “**subsidiary**” shall have the same meaning ascribed to it in the Companies Act. The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The terms “**associate**” and “**associated company**” shall have the meanings ascribed to them respectively in the Catalist Rules.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word or term defined under Companies Act, the SFA, the Catalist Rules or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and to dates in this Circular shall be a reference to Singapore time and dates, unless otherwise stated.

Any discrepancies in tables included herein between the amounts and the totals thereof are due to rounding; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

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

**Other than in Section 2.4(b) and footnote 3 of Section 5.1 in relation to the Consideration, all references to RMB to S\$ exchange rate in this Circular are based on an exchange rate of RMB1 to S\$0.2079 as of 30 June 2022. All references to RMB to S\$ exchange rate in the first paragraph of Section 2.4(b) of this Circular and footnote 3 of Section 5.1 in relation to the Consideration is based on an exchange rate of RMB1 to S\$0.1952 as of 18 January 2023, being the Latest Practicable Date , and extracted from Oanda.com.**

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## LETTER TO SHAREHOLDERS

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### ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200609901H)

#### Board of Directors:

Dato' Dr Choo Yeow Ming (Chairman and Chief Executive Officer)

Ms Lum Moy Foong (Non-Executive Director)

Dr Lam Lee G. (Lead Independent Director)

Mr. Chew Soo Lin (Independent Director)

Mr. Lien Kait Long (Independent Director)

#### Registered Office:

77 Robinson Road  
#06-03 Robinson 77,  
Singapore 068896

20 January 2023

To: The Shareholders of the Company

Dear Sir/Madam

**THE PROPOSED DISPOSAL OF 100% OF THE ISSUED SHARES IN ZHEJIANG ZHONGFANG YASHE HOTEL MANAGEMENT CO., LTD, A 100% OWNED SUBSIDIARY OF ZHONGFANG LIANHE GRAND CANAL CULTURE TOURISM GROUP CO., LTD, AND THE HOTEL AND RELATED ASSETS OWNED BY ZHONGFANG LIANHE GRAND CANAL CULTURE TOURISM GROUP CO., LTD, A 78.5%-OWNED DIRECT SUBSIDIARY OF THE COMPANY**

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## 1. INTRODUCTION

### 1.1. Background

On 4 January 2023, the Company announced that Grand Canal, a 78.5%-owned direct subsidiary of the Company, and Yashe, a 100%-owned subsidiary of Grand Canal, had on 15 December 2022 entered into the Acquisition Agreement with the Purchaser pursuant to which Grand Canal will sell the Sale Shares and the Hotel Assets to the Purchaser for an aggregate consideration of RMB80 million on the terms and conditions of the Acquisition Agreement (the "**Proposed Disposal**"). On 20 December 2022, Grand Canal, Yashe and the Purchaser entered into the Side Letter to supplement the terms and conditions of the Acquisition Agreement.

In connection with the Proposed Disposal, Grand Canal, Yashe and the Purchaser had on 15 December 2022 also entered into the Assignment Agreement pursuant to which Grand Canal will transfer all its Claims against Yashe, amounting to RMB5.995 million, to the Purchaser on the terms and conditions of the Assignment Agreement (the "**Assignment**").

The Proposed Disposal constitutes a "major transaction" under Chapter 10 of the Catalist Rules and is subject to, amongst others, approval of the Shareholders at the EGM pursuant to Rule 1014 of the Catalist Rules.

Please refer to Section 2 for further information on the Proposed Disposal.

### 1.2. EGM

The Directors are convening the EGM by electronic means at 2.00 p.m. on 6 February 2023 to seek the approval of Shareholders for the Proposed Disposal.

### 1.3. Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Disposal and to seek the approval of Shareholders for the Proposed Disposal. This Circular has been prepared solely for the purpose set out herein and may not be relied on by any persons (other than Shareholders) or for any other purpose.

The SGX-ST assumes no responsibility for the correctness or accuracy of any of the statements or opinions made, reports contained, and opinions expressed in this Circular.

#### **1.4. Legal Adviser**

The Company has appointed MLS as the legal adviser to the Company as to Singapore law for the purposes of the Side Letter and this Circular.

## **2. THE PROPOSED DISPOSAL**

### **2.1. Information on the Purchaser**

*Shareholders should note that information relating to the Purchaser in this Section and elsewhere in this Circular has been provided by the Purchaser. The Company and the Directors have not independently verified the accuracy and correctness of such information herein. The sole responsibility of the Directors and the Company for the purpose of such information has been to ensure that such information has been accurately and correctly extracted and reproduced in this Circular in its proper form and context.*

The Purchaser is a limited liability company established and validly existing in Huzhou City, the PRC with a registered capital of RMB10 million.

The Purchaser is 90% owned by Deng Siyun (邓思贇) and 10% owned by Chang Haipeng (常海鹏). Deng Siyun and his family members control Beijing Jinyun Electric Installation Co., Ltd. (北京市金运电气安装股份有限公司), a power engineering installation service provider. Chang Haipeng and his family members control Zhejiang Zhongyi Construction Group Co., Ltd. (浙江中屹建设集团有限公司), a construction engineering company.

As at the Latest Practicable Date, the Purchaser (i) does not have any existing interest (whether direct or deemed) in the Shares of the Company and (ii) is not related to any of the Directors and Controlling Shareholders of the Company.

### **2.2. Information on the Sale Shares**

Yashe is a 100%-owned subsidiary of Grand Canal and is a limited liability company established and validly existing in Huzhou City, the PRC with a registered capital of RMB10 million. Yashe holds the necessary licenses and rights for the operation and management of the Hotel.

The Sale Shares are held by Grand Canal and represent 100% of the issued shares in Yashe.

### **2.3. Information on the Hotel Assets**

Grand Canal is a 78.5%-owned direct subsidiary of the Company with the remaining equity interests in Grand Canal being held by China Real Estate Group Union Co., Ltd (中房联合置业集团有限公司). Grand Canal is a limited liability company established and validly existing in Huzhou City, the PRC with a registered capital of RMB150 million. The Hotel Assets, which comprise the land on which the Hotel is situated, hotel facilities and equipment and other related assets, are owned by Grand Canal.

The Hotel is a 113-room located at Hefu Town, Huzhou City, Zhejiang Province of PRC. It is situated on leasehold land evidenced by real estate certificate No. Zhejiang (2019) Huzhou (Nanxun) Real Estate No. 0090130, with a land area of about 10,638 square meters and a building area of 15,649.84 square meters. The leasehold land on which the Hotel is situated, and the Hotel building has a total carrying value of S\$15,538,000 (approximately RMB 74,797,000) as of FY2022 have been pledged as collateral to secure the banking facilities of Grand Canal amounting to RMB28,800,000 (approximately S\$5,988,000) as at 30 June 2022. The lease term of the land will expire on 18 October 2056.

## 2.4. Principal Terms of the Proposed Disposal

### (a) The Proposed Disposal and the Assignment

Under the terms of Acquisition Agreement, Grand Canal shall sell to the Purchaser, and the Purchaser shall acquire from Grand Canal, the Sale Shares and the Hotel Assets based on the terms and conditions of the Acquisition Agreement.

Under the Assignment, Grand Canal will transfer all its claims against Yashe, amounting to RMB5.995 million (approximately S\$1.17 million) (the “**Claims**”) on the completion of the First Payment and the completion of the transfer of the legal ownership of the Sale Shares and Hotel Assets to the Purchaser on the terms and conditions of the Assignment. As of the date of the Acquisition Agreement, Grand Canal had extended interest-free shareholder’s loans of RMB5.995 million to Yashe. On the completion of the First Payment and the completion of the transfer of the legal ownership of the Sale Shares and Hotel Assets to the Purchaser, the Claims, namely the shareholder’s loans extended by Grand Canal to Yashe, shall be repayable by Yashe (which will be 100% owned by the Purchaser on completion of the Proposed Disposal) to the Purchaser instead of Grand Canal.

### (b) Consideration for the Proposed Disposal

The aggregate consideration for the Proposed Disposal is RMB80 million (approximately S\$15.616 million) (the “**Consideration**”), comprising RMB74.005 million (approximately S\$14.446 million) ascribed to the Hotel Assets, nil value for the Sale Shares<sup>1</sup> and RMB5.995 million for the assignment of the Claims.

The Consideration is payable in cash by the Purchaser as follows:

- (a) RMB40 million within 7 days after the signing of the Acquisition Agreement (the “**First Payment**”), representing 50% of the Consideration; and
- (b) RMB40 million on completion of the Proposed Disposal (the “**Second Payment**”), representing the remaining 50% of the Consideration;

The leasehold land on which the Hotel is situated, and the Hotel building are pledged as collateral to secure the banking facilities of Grand Canal amounting to RMB28,800,000 (approximately S\$5,988,000) as at 30 June 2022. The First Payment, which was paid by the Purchaser in advance on 15 December 2022, is required to be used by Grand Canal to fully repay the said banking facilities so that the pledge over the leasehold land on which the Hotel is situated, and the Hotel building can be released by the bank. As of the Latest Practicable Date, Grand Canal has repaid the said banking facilities and the pledge over the leasehold land on which the Hotel is situated, and the Hotel building have been released by the bank.

Within 7 working days after the Purchaser pays the First Payment, Grand Canal and Yashe are required to complete the relevant procedures and registrations required to transfer legal ownership of the Sale Shares and Hotel Assets to the Purchaser. As of the Latest Practicable Date, these procedures and registrations have been completed and legal ownership of the Sale Shares and Hotel Assets has been transferred to the Purchaser while the beneficial ownership of the Sale Shares and Hotel Assets remains with Grand Canal and Yashe until the Second Payment is made.

By way of a side letter to the Acquisition Agreement dated 20 December 2022 (“**Side Letter**”) entered into between Grand Canal, Yashe and the Purchaser, the parties had agreed that, amongst others, notwithstanding that the transfer of the legal ownership of the

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<sup>1</sup> Nil value has been allocated to the Sale Shares as the net asset value of Yashe was negative as of the date of the Agreement. Under the terms of the Acquisition Agreement, Grand Canal is required to ensure that Yashe has no debts and liabilities within 30 days of completion of the Proposed Disposal. Any excess debts and liabilities will be borne by Grand Canal and the Purchaser is entitled to deduct it from the Second Payment (as defined above).



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## LETTER TO SHAREHOLDERS

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Sale Shares and Hotel Assets to the Purchaser will take place prior to Shareholders' Approval being obtained, (i) the beneficial ownership of the Sale Shares and Hotel Assets remains with Grand Canal and will only be transferred to the Purchaser when Shareholders' Approval is obtained, and the Second Payment, being the remaining Consideration, is paid by the Purchaser and (ii) the Sale Shares and Hotel Assets are being held on trust by the Purchaser on behalf of Grand Canal until the Second Payment, being the remaining Consideration, is paid and upon which the completion of the Proposed Disposal will take place. Please refer to Section 5.2(a) for further details on the Side Letter. For the avoidance of doubt, while the legal title to the Sale Shares and Hotel Assets is being transferred by Grand Canal to the Purchaser before Shareholders' Approval has been obtained, this does not constitute a breach of Rule 1014 of the Catalist Rules for the reasons detailed in Section 5.2.

If Shareholders' Approval or other regulatory approvals are not obtained, the Acquisition Agreement will be terminated immediately, and the Purchaser shall cooperate with Grand Canal to return the legal ownership of the Sale Shares and Hotel Assets to Grand Canal within 14 working days. In such event, Grand Canal is required to compensate the Purchaser. Grand Canal is required to refund any of the Consideration which has been paid by the Purchaser, pay Purchaser RMB2 million in liquidated damages and bear all expenses incurred for the transaction (including any taxes and legal fees).

If the Purchaser fails to pay the Second Payment in full within 30 days of the completion of the Proposed Disposal, the Purchaser shall pay Grand Canal liquidated damages at an annual rate of 8% for the unpaid amount on a monthly basis until the Second Payment is paid in full. If the Second Payment is still not paid in full within 12 months of the completion of the Proposed Disposal, the Purchaser will return the legal ownership of the Sale Shares and Hotel Assets to Grand Canal, and Grand Canal will refund any Consideration paid by the Purchaser (after deducting the liquidated damages of RMB2 million<sup>2</sup> and costs incurred by Grand Canal and Yashe arising from, amongst others, transfer of the hotel management rights from the Consideration).

The Consideration was arrived at on a willing-buyer willing-seller basis, taking into account, among others, the insignificant and negative net book value of the Sale Shares, the net book value of the Hotel Assets of RMB81.7 million as at 30 June 2022 as well as the indicative value of the Sale Shares and the Hotel Assets (on an aggregate basis) based on independent desktop valuation using the market and income approaches, ranges between RMB62 million to RMB81 million as at 30 September 2022.

(c) Conditions

The completion of the Proposed Disposal, being the completion of the transfer of the beneficial ownership of the Sale Shares and Hotel Assets to the Purchaser upon the Second Payment being made, is conditional on, amongst others:

- (a) the requisite consents or approvals of the relevant government departments and other third parties (if required) having been obtained in respect of the Proposed Disposal;
- (b) the requisite consents or approvals of the board of directors and/or shareholders of Grand Canal and Yashe having been obtained in respect of the Proposed Disposal;
- (c) the approval of the Shareholders of the Company and/or the SGX-ST or other regulatory agencies (if required) having been obtained in respect of the Proposed Disposal ("**Shareholders' Approval**");

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<sup>2</sup> For the avoidance of doubt, Grand Canal's entitlement to the liquidated damages of RMB2 million is in addition to the liquidated damages at an annual rate of 8% for the unpaid amount on a monthly basis that Grand Canal is entitled to.

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## LETTER TO SHAREHOLDERS

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- (d) Grand Canal and Yashe having fully, truthfully and completely disclosed to the Purchaser all assets in the Hotel, as well as Yashe's assets, liabilities, equity, external guarantees and related documents and information;
- (e) there having been no material adverse change in the operations or financial status of Yashe as evaluated by the Purchaser from the signing of the Acquisition Agreement to the completion of the Proposed Disposal;
- (f) no encumbrance having been created over the Hotel Assets or the Sale Shares;
- (g) Grand Canal and Yashe not being in breach of any provision of the Acquisition Agreement;
- (h) the Hotel Assets and the Sale Shares, including the bank account of Yashe, not having been seized, frozen or otherwise restricted by other parties and there is no dispute or potential dispute regarding the Hotel Assets and the Sale Shares;
- (i) the land transfer fee in respect of the Hotel and all related taxes and fees having been paid by Grand Canal and the Hotel is a legal building, which has been approved and accepted by all competent departments such as planning, housing construction, and fire protection, and there having been no illegal building, expansion or renovations in respect of the Hotel; and
- (j) in the event that there are unfulfilled payment arrears or other contract disputes in respect of the Hotel Assets, Grand Canal shall be responsible for solving and bearing the corresponding arrears.

(collectively, the "**Conditions**").

The Conditions mentioned above may be waived by the Purchaser at any time at its sole discretion and without any conditions attached thereto.

In the event that the Shareholders' Approval has not been obtained by 15 February 2023, the Purchaser shall have the right to terminate the Acquisition Agreement. In the event that any of the Conditions mentioned above under Sections 2.4(c)(a) to (j) (other than the Condition to obtain Shareholders' Approval) have not been obtained by 15 December 2022, the Purchaser shall have the right to terminate the Acquisition Agreement. For the avoidance of doubt, all Conditions mentioned above under Sections 2.4(c)(a) to (j) (other than the Condition to obtain Shareholders' Approval) were satisfied as at 15 December 2022, the date on which the Acquisition Agreement was signed.

(d) Other Key Terms

If Grand Canal and/or Yashe breach the provisions of the Acquisition Agreement and fail to remedy it within 15 working days, Grand Canal shall pay the Purchaser liquidated damages of RMB200,000 per time for each breach of contract within 14 days of the Purchaser providing written notice. If the foregoing liquidated damages are not sufficient to compensate the Purchaser's loss, Grand Canal shall be responsible for the difference between the actual loss and the liquidated damages. In the event of late payment of the liquidated damages, interest at the rate of 0.05% is chargeable on a daily basis based on the unpaid amount until the liquidated damages have been fully paid by Grand Canal.

If the Sale Shares or the Hotel Assets cannot be transferred to the Purchaser or the Assignment cannot take place not due to the fault of the Purchaser, Grand Canal is required to refund any of the Consideration which has been paid by the Purchaser, pay Purchaser RMB2 million in liquidated damages and bear all expenses incurred for the transaction (including any taxes and legal fees).

**2.5. Use of Proceeds from the Proposed Disposal**

The estimated net proceeds from the Proposed Disposal, after deducting estimated taxes, professional fees and other associated transaction costs, is approximately RMB70.4 million (S\$13.7 million). The Company intends to use the net proceeds from the Proposed Disposal as follows:

<b>Use of Net Proceeds</b>	<b>Amount</b>	<b>Percentage Allocation</b>
Repayment of the term loans of the Company and Grand Canal	RMB46.2 million (S\$9.0 million)	66%
Settlement of existing trade and other creditors and for general working capital purposes	RMB24.2 million (S\$4.7 million)	34%
<b>Total</b>	<b>RMB70.4 million (S\$13.7 million)</b>	<b>100%</b>

RMB29,340,000 (equivalent to S\$5,727,000) of the net proceeds has been allocated towards the repayment of the term loans of the Company and Grand Canal have been used to repay the banking facilities so that the pledge over the leasehold land on which the Hotel is situated, and the Hotel building can be released by the bank as mentioned in Section 2.4(b) above.

Pending the deployment for the uses identified above, the net proceeds may be deposited with banks and/or financial institutions or invested in money market instruments and/or securities or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

**3. RATIONALE FOR THE PROPOSED DISPOSAL**

Due to the COVID-19 pandemic, the operations of the Hotel were suspended for 2 months in March 2022 and April 2022 and was used as a quarantine hotel. In addition, the sporadic spike of new infections in neighbouring cities of Huzhou put severe strain on the operations of the Hotel and disrupted its business operations. This has adversely affected the operations of the Hotel and negatively impacted the Group's revenue. The Hotel operations incurred losses since the commencement of operations in October 2019.

The outlook for the hospitality business remains challenging. While COVID-19 restrictions have been lifted in Huzhou in the PRC as of the Latest Practicable Date, the outlook remains uncertain and there is a possibility that restrictions may be reimposed if the COVID-19 situation worsens. The operations of the Hotel are therefore expected to be negatively affected for a prolonged period due to the uncertain outlook and the sustainability of the business remains uncertain.

Due to the above challenges, the Board is of the view that, for the reasons set out in this announcement, the terms of the Proposed Disposal is in the best interests of the Company and its Shareholders as it provides a good opportunity to the Group to unlock the value of the Sale Shares and the Hotel Assets and to focus on its remaining real estate businesses and any other new opportunities.

The Board is of the view that the terms of the Proposed Disposal, including the transfer of the legal title to Sale Shares and Hotel Assets prior to Shareholders' Approval being obtained and the Second Payment being made, are not prejudicial to the Company and the Shareholders for the commercial rationale and reasons set out in Section 5.2.

**4. FINANCIAL INFORMATION RELATING TO THE SALE SHARES AND HOTEL ASSETS**

**4.1. Book Value**

Based on the latest audited financial statements of the Group for FY2022, the book value of the Sale Shares and Hotel Assets was S\$16,407,000 and the deficit of the Consideration over the book value of the Sale Shares and Hotel Assets is approximately S\$791,000.

**4.2. NTA**

Based on the latest audited financial statements of the Group for FY2022, the NTA of the Sale Shares and Hotel Assets was S\$16,407,000.

**4.3. Loss on Disposal**

The loss on the Proposed Disposal is approximately S\$2.7 million, taking into account the estimated expenses and taxes incurred in relation to the Proposed Disposal.

**4.4. Valuation**

(a) Valuation of the Sale Shares and Hotel Assets

Under Rule 1014(5) of the Catalist Rules, the Company must appoint a competent and independent valuer to value the Sale Shares and the Hotel Assets as the relative figures computed on certain of the bases set out in Rule 1006 of the Catalist Rules in respect of the Proposed Disposal exceed 75%.

The Company commissioned AVA Associates Limited (the “**Independent Valuer**”) to conduct an independent valuation on the market value of the Sale Shares and the Hotel Assets. According to the valuation report issued by the Independent Valuer dated 17 January 2023 (the “**Valuation Report**”), the Sale Shares and Hotel Assets have a market value of RMB69 million as at the valuation date of 30 November 2022. The Independent Valuer had estimated the market value of the equity interest of the Sale Shares and Hotel Assets, as a single operating entity, on the premise of a going concern, where the business of Yashe will continue running normally using the Hotel Assets to produce income, and in its current state as a private entity. The value is estimated by applying the income approach which is primarily based on a discounted cash flow analysis of Yashe’s financial projections. The basis for selecting the income approach was due to the availability of relevant data, specifically the historical operating records, development plans and financial projections provided by Company, while the market approach was not deemed appropriate due to the lack of comparable market transactions and prices. The cost approach was also deemed inappropriate, as some of the significant assets of the on-going business of Hotel are the franchise agreement, assembled workforce, customer and reservation network which would not be properly reflected using a cost approach methodology. Also, as the Hotel is still in operation currently, economic and functional obsolescence are difficult to measure accurately, thus rendering the cost approach less desirable as a measure of value.

Please refer to the summary of the Valuation Report set out in Appendix A to this Circular for further details on the valuation of the Sale Shares and the Hotel Assets conducted by the Independent Valuer.

The Sale Shares and the Hotel Assets are being sold at 15.9 % premium to the valuation conducted by the Independent Valuer. While the Sale Shares and the Hotel Assets are being sold at 4.8% deficit to the net book value, the Company is of the view that the Proposed Disposal is in the best interests of the Company due to the reasons set out in Sections 3, 5.2(c) and 5.2(d).

For the avoidance of doubt, the outcome of the valuation conducted by the Independent Valuer will also not result in any adjustments to the Consideration. This is in line with the

agreed terms under the Acquisition Agreement.

(b) Information on the Independent Valuer

*Shareholders should note that information relating to the Independent Valuer in this Section and elsewhere in this Circular has been provided by the Independent Valuer. The Company and the Directors have not independently verified the accuracy and correctness of such information herein. The sole responsibility of the Directors and the Company for the purpose of such information has been to ensure that such information has been accurately and correctly extracted and reproduced in this Circular in its proper form and context.*

The Independent Valuer, AVA Associates Limited, is based in Hong Kong and Singapore. They have been providing independent valuation services to their clients in Asia since 2008. They provide transaction-based advisory services, primarily focusing on independent valuation services to assist their clients to comply with internal and external requirements. Their team, made up of qualified professionals in their respective fields, has the expertise covering various classifications of tangible and intangible assets, focusing on four key competencies of business valuation, financial instrument valuation, intellectual property valuation and fixed asset valuation.

The Independent Valuer is currently involved in various types of valuation projects, relating to business interests, intangible assets and tangible assets, for listed and private companies in Singapore. Their work has been used and relied on, by various professional parties, for purposes such as acquisition, disposal, financial reporting and internal reference.

## 5. THE PROPOSED DISPOSAL AS A MAJOR TRANSACTION

### 5.1. Major Transaction

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006		Relative Figures
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.	59.2% <sup>(1)</sup>
(b)	The net profits/(losses) attributable to the assets to be disposed of, compared with the Group's net profits/(losses)	77% <sup>(2)</sup>
(c)	The aggregate value of the consideration given or received compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares	87.6% <sup>(3)(4)</sup>
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable <sup>(5)</sup>
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable <sup>(6)</sup>

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### Notes:

- (1) The NAV of the Sale Shares and Hotel Assets was S\$16,407,000. The NAV of the Group as at 30 June 2022 was S\$27,723,000.
- (2) The net loss attributable to the Sale Shares and Hotel Assets was S\$13,625,000 as at 30 June 2022. The net loss attributable to the Group as at 30 June 2022 was S\$17,721,000.
- (3) Based on the Consideration of RMB80 million (approximately S\$15,616,000).
- (4) Based on the Company's market capitalisation of S\$17,825,747 as at the Last Trading Day, being the last trading day in the Shares prior to the signing of the Acquisition Agreement and Assignment. The market capitalisation of the Company is determined by multiplying the number of Shares in issue (being 17,825,747,028 Shares, excluding treasury shares) by the volume weighted average price of S\$0.001 of the Shares transacted on the Last Trading Day.
- (5) Not applicable as no equity securities are issued by the Company as consideration for the Proposed Disposal.
- (6) Not applicable as the Proposed Disposal is not a disposal of mineral, oil or gas assets and the Company is not a mineral, oil and gas company.

Pursuant to Rule 1007(1) of the Catalist Rules, if any of the relative figures computed pursuant to Rule 1006 of the Catalist Rules involves a negative figure, Chapter 10 of the Catalist Rules may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10A of the Catalist Rules, or if not so provided, at the discretion of the SGX-ST, in which case, the Sponsor should consult the SGX-ST. Based on the relative figures computed above, the Proposed Disposal does not fall within any of the situations in paragraphs 4.3 and 4.4 of Practice Note 10A of the Catalist Rules and accordingly, Rule 1014 of the Catalist Rules applies to the Proposed Disposal.

In any event, as the relative figures computed above on the bases set out in Rules 1006 of the Catalist Rules exceeded 50%, the Proposed Disposal constitutes a "major transaction" as defined under Rule 1014 of the Catalist Rules and the Company will be seeking shareholders' approval for the Proposed Disposal at the EGM which will be convened in due course.

### 5.2. Compliance with Rule 1014 of the Catalist Rules

As mentioned in Section 2.4(b) above, under the terms of the Acquisition Agreement, within 7 working days after the Purchaser pays the First Payment, Grand Canal and Yashe are required to complete the relevant procedures and registrations required to transfer legal title of the Sale Shares and Hotel Assets to the Purchaser. The Company has obtained a legal memorandum from MLS, the legal adviser to the Company as to Singapore law, stating that while the legal title to the Sale Shares and Hotel Assets is being transferred by Grand Canal to the Purchaser before Shareholders' Approval has been obtained, this does not constitute a breach of Rule 1014 of the Catalist Rules for the reasons detailed below.

- (a) Grand Canal retains beneficial title to the Sale Shares and Hotel Assets until Shareholders' Approval has been obtained and the Purchaser has paid the Second Payment, being the remaining Consideration. Legal ownership of property is separate from beneficial ownership of the property and the legal owner will not necessarily be the same as the beneficial owner. The legal owner of a property is a person who holds the legal title under its name, while the beneficial owner of the same property enjoys the benefits of ownership even though the legal title is in the legal owner's name. The Acquisition Agreement expressly provides that the Proposed Disposal is subject to Shareholders' Approval. Completion of the Proposed Disposal will only take place when Shareholders' Approval has been obtained and the Purchaser has paid the Second Payment, being the remaining Consideration, at which time the beneficial title to the Sale Share and Hotel Assets will be transferred to the Purchaser. In this regard, the parties had entered into the Side Letter pursuant to which the parties agreed that notwithstanding that legal title to the Sale Shares and Hotel Assets will be transferred to the Purchaser before Shareholders' Approval has been obtained:

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- (i) the beneficial ownership of the Sale Shares and Hotel Assets remains with Grand Canal and will only be transferred to the Purchaser when Shareholders' Approval is obtained, and the Second Payment, being the remaining Consideration, is paid by the Purchaser;
  - (ii) completion of the Proposed Disposal is only deemed to take place when Shareholders' Approval has been obtained and the Second Payment, being the remaining Consideration, is paid by the Purchaser and the beneficial ownership of the Sale Shares and Hotel Assets will only be transferred to the Purchaser at such time;
  - (iii) the Sale Shares and Hotel Assets are being held on trust by the Purchaser on behalf of Grand Canal until the Second Payment, being the remaining Consideration is paid, and upon which the completion of the Proposed Disposal will take place; and
  - (iv) the transfer of the legal title to the Sale Shares and Hotel Assets is solely to fulfil the Purchaser's request and is subject to the Purchaser accepting the conditions set out in sub-paragraphs (i) to (iii) above.
- (b) The terms of the Acquisition Agreement also provide for the unwinding of the transfer of legal title in the event that Shareholders' Approval is not obtained. If Shareholders' Approval or other regulatory approvals are not obtained, the Acquisition Agreement will be terminated immediately, and the Purchaser shall cooperate with Grand Canal to return the legal title of the Sale Shares and Hotel Assets to Grand Canal within 14 working days. Grand Canal will be required to refund any of the Consideration which has been paid by the Purchaser, pay the Purchaser RMB2 million in liquidated damages and bear all expenses incurred for the transaction (including any taxes and legal fees). For completeness, beneficial interest can still vest with Grand Canal notwithstanding that the economic benefit accrues to Purchaser from date the legal title moves to the Purchaser. Transfer of economic benefit in respect of the operation of the Hotel to Purchaser is a commercial decision between parties which denotes the start date for such accrual of economic benefit. It does not change the contractual arrangement between parties that completion of the transfer of beneficial interest to the Sale Shares and Hotel Assets happens only after Shareholders' Approval and payment of the remaining Consideration by the Purchaser.
- (c) The current arrangement of transferring the legal title to Sale Shares and Hotel Assets upon payment of the First Payment was requested by the Purchaser and the Company was of the view that it was commercially necessary to accept these terms from the Purchaser and it was more than likely that the deal would fall through if the Company did not agree to this arrangement. The Company was also of the view that it is very difficult under current business environment to operate a hospitality business or to sell property in China. The Company had been trying to sell the Hotel and most of the enquires and offers did not materialise. The offer from the Purchaser for the Sale Shares and Hotel Assets was the only acceptable offer that the Company had received. On the other hand, the Purchaser has many competing opportunities in the PRC and will not wait for the Company to convene an EGM and obtain Shareholders' Approval before transfer of the legal title to the Sale Shares and Hotel Assets.
- (d) MLS understands that the Board is of the view that the Proposed Disposal is in the interests of the Company and its Shareholders. The Hotel has been loss making since the commencement of operations in October 2019 as the COVID-19 outbreak occurred in Wuhan two months later in December 2019. The Board does not foresee that the operations of the Hotel will be improved in the near future. The Hotel has shown signs of wear and tear and it is expected that a major refurbishment will need to be carried out soon. The tenure of the Hotel land use rights reduces every year which will affect the value of the property. In addition, the proceeds from the Proposed Disposal will also improve the cash flow of the Group. The Board is therefore of the view that instead of continuing to fund the loss-making business and incurring huge capital expenditure for refurbishment, accepting

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## LETTER TO SHAREHOLDERS

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the commercial terms of the Proposed Disposal is not prejudicial to the interest of the Company and its Shareholders.

- (e) Moreover, the Proposed Disposal is supported by the major shareholders of the Company. The Company has obtained the Voting Undertakings and in view of the Voting Undertakings, there is no risk that the Proposed Disposal will not be approved at the EGM. Shareholders will however have the opportunity to raise queries at the EGM in respect of the Proposed Disposal.

Based on the transaction structure and terms of the Proposed Disposal and taking into account the reasons set out in this Section 5.2, MLS has advised the Board that the Proposal Disposal does not constitute a breach of Rule 1014 of the Catalist Rules. For the avoidance of doubt, the EGM to be convened by the Company to seek Shareholders' Approval of the Proposed Disposal in due course will not constitute a ratification of the Proposed Disposal or a ratification EGM as completion of the Proposed Disposal has not taken place prior to the EGM for the reasons set out in this Section 5.2.

### 5.3. Voting Undertakings

Shareholders that collectively owns and/or controls 9,046,011,652 Shares, representing approximately 50.7% of the issued and paid-up share capital of the Company (excluding treasury shares), have provided voting undertakings in favour of the Company as described in Section 5.2(e) above (the "**Voting Undertakings**"). Pursuant to the Voting Undertakings, the relevant shareholders undertake to vote in favour of the Proposed Disposal at the EGM and that they will not sell, transfer or otherwise dispose of any part of their Shares pending the close of the EGM or the termination of the Acquisition Agreement, whichever is earlier.

## 6. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

### 6.1. Assumptions

The pro forma financial effects of the Proposed Disposal are based on the audited financial statements of the Group for FY2022 and the following assumptions:

- (a) the financial effects set out below are purely for illustrative purposes only and do not reflect the actual financial performance or position of the Company and the Group after the Proposed Disposal; and
- (b) the total expenses in relation to the Proposed Disposal have not been taken into consideration.

### 6.2. NTA

Assuming that the Proposed Disposal had been completed on 30 June 2022, being the end of the most recently completed financial year of the Group, the effect on the NTA per Share is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	27,723	25,214
Number of ordinary Shares in issue (excluding treasury shares)	17,825,747,028	17,825,747,028
NTA per Share (S\$ cents)	0.16	0.14



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**LETTER TO SHAREHOLDERS**

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**6.3. EPS**

Assuming that the Proposed Disposal had been completed on 1 July 2021, being the beginning of the most recently completed financial year of the Group, the effect on the EPS is as follows:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
(Loss) attributable to Shareholders of the Company (S\$'000)	(13,945)	(3,289)
Weighted average number of shares (excluding treasury shares)	17,825,747,028	17,825,747,028
EPS (S\$ cents)	(0.08)	(0.02)

**6.4. Share Capital**

The Proposed Disposal will not have any impact on the issued and paid-up share capital of the Company.

**7. SERVICE CONTRACTS**

No person is proposed to be appointed as a Director in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

**8. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

As of the Latest Practicable Date, the interests of the Directors and Substantial Shareholders in the Shares, based on the registers of Directors' interests in Shares and register of Substantial Shareholders' interests in Shares, respectively, are as follows:

	<b>Direct Interest</b>		<b>Deemed Interest</b>	
	<b>Number of Shares</b>	<b>%<sup>(1)</sup></b>	<b>Number of Shares</b>	<b>%<sup>(1)</sup></b>
<b>Directors</b>				
Dato' Dr Choo Yeow Ming	824,969,332 <sup>(2)</sup>	4.63	352,479,500 <sup>(3)</sup>	1.98
Ms Lum Moy Foong	-	-	-	-
Dr Lam Lee G.	-	-	-	-
Mr. Chew Soon Lin	32,400,036	0.02	-	-
Mr. Lien Kait Long	34,501,500	0.02	-	-

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**LETTER TO SHAREHOLDERS**

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	Direct Interest		Deemed Interest	
	Number of Shares	% <sup>(1)</sup>	Number of Shares	% <sup>(1)</sup>
<b>Substantial Shareholders (other than the Directors who are Substantial Shareholders)</b>				
Oei Hong Leong	6,374,454,821	36.76%	-	-
Toh Soon Huat	1,421,805,700	7.05%	-	-
Hung Ying-Zhen @ Amy Ying-Fen Hung	954,300,000	5.35%	-	-

**Notes:**

- (1) The percentage of shareholding is calculated based on 17,825,768,884 Shares in the issued and paid-up share capital of the Company (excluding treasury shares) as at the Latest Practicable Date.
- (2) Dato' Dr Choo Yeow Ming's direct interest in 762,059,332 Shares are held through nominees.
- (3) Dato' Dr Choo Yeow Ming is deemed interested in the shares held by his spouse. By virtue of Section 7 of the Companies Act, he is also deemed to have an interest in shares held by Summers Overseas Limited and Orient Achieve Limited. These deemed interests are held through nominees.

None of the Directors and their respective associates, and to the best of knowledge of the Directors, none of the Controlling Shareholders of the Company and their respective associates has any interest, direct or indirect, in the Proposed Disposal, other than through their respective directorships and/or shareholding interests, if any, in the Company.

**9. DIRECTORS' RECOMMENDATION**

Having considered, inter alia, the terms and rationale of the Proposed Disposal and the legal memorandum from MLS, the Directors are of the opinion that the Proposed Disposal is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 1 relating to the Proposed Disposal as a major transaction at the EGM.

**10. EXTRAORDINARY GENERAL MEETING**

The EGM, notice of which is set out on pages N-1 to N-3 of this Circular, will be held by electronic means at 2.00 p.m. on 6 February 2023 for the purpose of considering and, if thought fit, passing (with or without any modification) Ordinary Resolution 1 relating to the Proposed Disposal as set out in the Notice of EGM.

**11. ACTION TO BE TAKEN BY SHAREHOLDERS**

**11.1 No attendance at the EGM in person**

Due to current COVID-19 situation and the Company's efforts to minimise physical interactions and keep COVID-19 transmission risk to a minimum, Shareholders will not be able to attend the EGM in person.

**11.2 Alternative arrangements**

Alternative arrangements have been put in place to allow Shareholders to contemporaneously observe the EGM proceedings via (a) watching a "live" webcast via their mobile phones, tablets

or computers or listening to these proceedings through a “live” audio feed via telephone, (b) submitting questions in advance of the EGM, and/or (c) voting by proxy at the EGM.

Shareholders should refer to the Notice of EGM as set out in pages N-1 to N-3 of this Circular, for further information, including the steps to be taken by Shareholders to participate at the EGM.

**12. CONSENTS**

The Independent Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the summary of the Valuation Report set out in Appendix A of this Circular and references to its name in the form and context in which it appears in this Circular and to act in such capacity in relation to this Circular.

MLS has given and has not withdrawn its written consent to the issue of this Circular with the references to its name in the form and context in which it appears in this Circular and to act in such capacity in relation to this Circular.

**13. 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 Disposal, 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 the 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 the Circular in its proper form and context.

**14. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are available for inspection during normal business hours at the registered office of the Company at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, subject to prior appointment and prevailing COVID-19 restrictions in Singapore, from the date of this Circular up to and including 4 April 2023 (being the date falling 3 months from the announcement of the Proposed Disposal):

- (a) the Acquisition Agreement and the Side Letter;
- (b) the Assignment Agreement;
- (c) the Valuation Report; and
- (d) the consent letter of the Independent Valuer.

Yours faithfully  
For and on behalf of the Board of Directors of  
**ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED**

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

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## APPENDIX A – SUMMARY OF VALUATION REPORT

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### AVA Associates Limited

(Co. No. 1292515)  
806 Empress Plaza  
17-19 Chatham Road South  
Tsim Sha Tsui, Hong Kong

17 January 2023

To  
Board of Directors  
**Asia-Pacific Strategic Investments Limited**  
1 Scotts Rd  
#20-07 Shaw Centre  
Singapore 228208

Dear Sirs,

AVA Associates Limited (“**AVA**”) has been engaged by Asia-Pacific Strategic Investments Limited (“**APSIL**” or the “**Client**”) to perform a valuation to estimate the value of the 100% interest in the following assets as an operating entity:

1. A property named Anatole by Landison Hotel Huzhou 湖州雷迪森悦曼酒店 (“**Landison Hotel Huzhou**”), comprising of fixed assets, building and land use rights (together, the “**Hotel Assets**”) owned by Zhongfang Lianhe Grand Canal Culture Tourism Group Co., Ltd. 中房联合大运河文化旅游集团有限公司 (“**Grand Canal**”), a 78.5%-owned direct subsidiary of APSIL.
2. 100% equity interest (“**Sale Shares**”) in the hotel management company, Zhejiang Zhongfang Yashe Hotel Management Co., Ltd (“**Yashe**”), 100%-owned owned by Grand Canal.

The valuation date is 30 November 2022 (“**Valuation Date**”).

### Definition of Value

In estimating the value of the interest in the Sales Shares and Hotel Assets as an operating entity and going concern in its current state, our efforts were based on the following standard of value:

**Market Value** – *“The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”* Such value represents an estimate based on the economic theory of equilibrium price for an asset in a perfect market. Unless otherwise noted, in estimating the Market Value, we have assumed that the business and its assets will remain a going concern in accordance with the relevant literature.

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## APPENDIX A – SUMMARY OF VALUATION REPORT

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### Scope of Work

APSIL announced on 4 January 2023 that it has entered into an equity and asset acquisition agreement with Huzhou Hongji Enterprise Management Co., Ltd. (湖州弘基企业管理有限公司) (the “Purchaser”) to dispose of the Sale Shares in Yashe and the Hotel Assets for an aggregate consideration of RMB80 million. As part of the disposal, APSIL, through its subsidiary, Grand Canal, will assign Grand Canal’s claims against Yashe, amounting to RMB5.995 million, to the Purchaser. This implies a net consideration of RMB74.005 million to Grand Canal for the Sale Shares and Hotel Assets.

The subject of this valuation consists of 100% interest in (1) Yashe as the hotel operator of the 4-star 113-room Landison Hotel Huzhou, situated at 3 Huanhe Road, Hefu Town, Nanxun District, Huzhou City, Zhejiang Province, People’s Republic of China (“PRC”) 浙江省湖州市南浔区和孚镇环河路3号 and (2) the leasehold land evidenced by real estate certificate No. Zhejiang (2019) Huzhou (Nanxun) Real Estate No. 0090130, with a land area of about 10,638 square meters and the hotel property built on it, which has building area of 15,649.84 square meters. As at Valuation Date, Landison Hotel Huzhou was operating normally as a 4-star hotel in a tier-3 city, amid the continuous changes in PRC government policies to tackle the Covid-19 health crisis.

APSIL has engaged AVA on 24 October 2022 to estimate the Market Value of the 100% equity interest in the Sale Shares and Hotel Assets, to be carried out as at Valuation Date, for internal reference by the Board of Directors and disclosure to APSIL’s shareholders in a circular in relation to the proposed disposal (the “Circular”).

This valuation summary letter has been prepared for the purpose of incorporation in the Circular to be issued in relation to the proposed disposal, and is a summary of the information contained in our final report dated 17 January 2023 (the “Full Valuation Report”). Users of this report are advised to read the Full Valuation Report for a more thorough understanding of our work.

For this exercise, we estimated the Market Value of the equity interest in the Sale Shares and Hotel Assets, as a single operating entity, on the premise of a going concern, where the business of Yashe will continue running normally using the Hotel Assets to produce income, and in its current state as a private entity. The value is estimated by applying the income approach which is primarily based on a discounted cash flow analysis of the entity’s financial projections. It is derived based on the following formula:

$$\text{Market Value of the Equity Interest} = \text{Enterprise Value} - \text{Debt} + \text{Excess Cash} + \text{Non-Operating Assets}/(\text{Liabilities})$$

Enterprise Value (“EV”) is a measure of a company’s value or business to its stakeholders, namely debt holders and equity owners. It is generally defined with the following formula:

$$\text{Enterprise Value} = \text{Value of Equity Interest} + \text{Debt} - \text{Excess Cash} - \text{Non-Operating Assets}/(\text{Liabilities})$$

Our valuation and report are prepared in accordance with the International Valuation Standards (2020 edition) as published by the International Valuation Standard Committee.

The procedures used in our analysis included such substantive steps, as we considered necessary, including, but not necessarily limited to, the following:

- Preparation of an information checklist for information gathering;
- Discussion with the appropriate parties regarding the identified assets, proposed valuation methodologies, current/proposed operations and historical/forecast financials of Yashe and the Hotel Assets, as well as its prospects, etc;
- Development of appropriate valuation models pertinent to the exercise;
- Preparation of draft reports for discussion with the Client; and
- Submission of the final report for the purpose of this exercise.

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## APPENDIX A – SUMMARY OF VALUATION REPORT

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### Sources of Information

As part of our due diligence, we relied upon documents supplied by APSIL, including, but not limited to the following.

- Monthly management accounts for Grand Canal and Yashe for the period from July 2022 to November 2022;
- Financial projections of Yashe for the period from 2023 to 2027 as provided by the management;
- Franchise agreement, dated 1 August 2021, between Zhejiang Tourism Investment Hotel Group Co., Ltd and Yashe;
- Background information of the Hotel Assets and relevant corporate information of Yashe;
- Other operations and market information in relation to the business of Landison Hotel Huzhou; and
- Other relevant information.

We planned and performed our valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the Sale Shares and Hotel Assets. In the course of our valuation, we held discussions with the management of APSIL concerning the history and current conditions, financial and general outlook of Landison Hotel Huzhou. We assumed that the data we obtained in the course of the valuation, along with the opinions and representations provided to us by the companies are true and accurate. We have, however, made reasonable enquiries and exercised our judgement on the reasonable use of such information and representations (as deemed necessary) 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 also used financial and other information obtained from private and public sources we considered reliable. Our conclusions are dependent on such information being complete and accurate in all material respects. We believe the valuation procedures we employed provide a reasonable basis for our opinion.

### Statement of Independence

We confirm that we have no present or contemplated interest in Yashe and the Hotel Assets which are the subject of this valuation and are acting independently of all parties.

### Valuation Theory

Our approach in valuing the equity interest relied on using the appropriate techniques to arrive at our conclusion of value. We considered the three generally recognized approaches to value: the income, market and cost approaches.

An overview of the three approaches considered is as follows:

- The Income Approach focuses on the income-producing capability of a business or asset. The income approach measures the current value of a business or asset by calculating the present value of its future economic benefits such as cash earnings, cost savings, tax deductions, and proceeds from disposition. Value indications are developed by discounting expected cash flows to their present value at a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the particular investment. The discount rate selected is generally based on rates of return available from alternative investments of similar type and quality as of the valuation date.
- The Market Approach measures the value of a business or asset through an analysis of recent sales or offerings of comparable businesses or assets. In estimating the value of a business under the market approach there are two methodologies: the publicly-traded guideline company methodology and the recent transaction methodology. The publicly traded guideline company methodology develops an indication of value for the subject company by calculating market pricing multiples for selected publicly-traded guideline companies and applying these multiples to the appropriate financial measures of the subject company. The recent transaction methodology

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## APPENDIX A – SUMMARY OF VALUATION REPORT

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develops an indication of value for the subject company by calculating market pricing multiples based on actual acquisitions of similar businesses and applying these multiples to the appropriate financial measures of the subject company. After deriving a value, adjustments are then made to account for differences between the subject business or asset being valued and the comparable businesses or assets used in the analysis.

- The Cost Approach measures the value of a business or asset by the cost to reconstruct or replace it with another of like utility. To the extent that the assets being valued provide less utility than new assets, the reproduction or replacement cost would be adjusted to reflect appropriate physical deterioration, functional obsolescence, and economic obsolescence. The cost approach recognizes that a prudent investor would not ordinarily pay more for property or an asset than the cost to replace them new.

### Selected Approach

We calculated the Market Value of the 100% equity interest in the Sale Shares and Hotel Assets through the income approach. Financial information is available for the business of Landison Hotel Huzhou, as managed by Yashe. It allowed us to understand and analyze the information and model a financial forecast based on its on-going operating model, structure and use of the Hotel Assets as a single entity. The financial projections were prepared and a DCF calculation was performed to arrive at the value of the Sale Shares and Hotel Assets.

Our basis for selecting the income approach was due to the availability of relevant data, specifically the historical operating records, development plans and financial projections provided by APSIL. Based on this information, we utilized a DCF methodology to estimate the cash that is available, either to invest in new or existing businesses or to distribute, to equity and debt holders. This allowed us to estimate the Market Value of the 100% equity interest in the Sale Shares and Hotel Assets under a set of reasonable and robust assumptions.

The market approach was not deemed appropriate due to the lack of comparable market transactions and prices. We performed a similar transaction search and found no similar disclosed recent transactions. However, we reviewed the valuation of selected comparable companies to provide a sanity check on the results of our DCF analysis. While some may not be directly comparable, they can be useful for comparative purposes. Please refer to the list below of comparable companies selected for this valuation.

- SSAW Hotels & Resorts Group Co.,Ltd. (SZSE:301073)
- H World Group Limited (NasdaqGS:HTHT)
- Keck Seng Investments (Hong Kong) Limited (SEHK:184)
- Sino Hotels (Holdings) Limited (SEHK:1221)
- Kai Yuan Holdings Limited (SEHK:1215)
- Mexan Limited (SEHK:22)
- Huatian Hotel Group Co.,Ltd. (SZSE:000428)
- Asia Standard Hotel Group Limited (SEHK:292)
- Magnificent Hotel Investments Limited (SEHK:201)
- Gudou Holdings Limited (SEHK:8308)

(together, the “**CompCos**”)

The cost approach measuring the cost to reconstruct or replace the assets with another of like utility was also deemed inappropriate, as some of the significant assets of the on-going business of Landison Hotel Huzhou are the franchise agreement, assembled workforce, customer and reservation network. These would not be properly reflected using a cost approach methodology. Also, as the hotel is still in operation currently, economic and functional obsolescence are difficult to measure accurately, thus rendering the cost approach less desirable as a measure of value.

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### Valuation of Equity Interest – Income Approach

In line with our scope of work to derive the value of the equity interest in the Sale Shares and Hotel Assets, we chose the DCF methodology. It enables us to view the entire portfolio of assets as an operating entity, Yashe as the hotel operator who manages the Hotel Assets, with the principal focus of the analysis on the operating entity's ability to generate free cash flow in the future, based on assumptions provided by the company. Free cash flow to enterprise ("**FCFE**") is defined as cash that is available either to invest in new or existing businesses or to distribute to investors (equity and debt holders). Reasonable projections of revenues, expenses, and reinvestment requirements (i.e. working capital and capital expenditures) form the basis for estimating the future free cash flows that a company will likely generate from its existing business.

The FCFE for each year of the projection period was calculated by adding non-cash expenses, such as depreciation and amortization, interest, deferred rent, and stock option expense, to and deducting incremental investments in working capital, and capital expenditures ("**CAPEX**") from the net profit.

In addition to calculating the FCFE throughout the projection period, it may be necessary to calculate the terminal value of the subject business which reflects the value of the total capital at the end of the projection period. The terminal value was calculated by applying the Gordon Growth Model, a mathematical simplification to capitalize an earnings stream that is expected to grow at a long-term sustainable rate "g" and discount rate "k" into perpetuity.

The projected free cash flows were discounted to present value at an appropriate rate of return, being the weighted average cost of capital ("**WACC**"). It is comprised of a required rate of return on equity plus the current tax-effected rate of return on debt, weighted by the relative percentages of equity and debt in the capital structure of the target business and of comparable public companies whose business operations are similar to those of the target business.

The sum of the discounted stream of future free cash flow, together with the value of non-operating assets, reflects the market value of the subject enterprise or portfolio of assets.

### Key Valuation Assumptions

We have assumed the following for the purpose of this exercise:

- The valuation of the equity interest in the Sale Shares and Hotel Assets is premised on the entity as a going concern, continuing to operate normally using all of its assets, in its current state, to produce income;
- In the course of operating the business, it will compose of all necessary assets, both tangible and intangible, to continue operating as it has under its current owners;
- That there will be no material change in the existing political, legal, technological, fiscal or economic condition which may adversely affect the development and business of Landison Hotel Huzhou; and
- There are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value.

APSIL has provided us with guidance on historical revenue, expenses, and working capital requirements. We were also provided with a 5-year financial projection, accompanied by assumptions adopted by Yashe for its forecasted operation of Landison Hotel Huzhou. We discussed the risks of achieving these projections and the overall reasonableness of the parameters used. We considered the impact of each valuation-related parameter individually, and the related impact on our overall valuation conclusions.



## APPENDIX A – SUMMARY OF VALUATION REPORT

Below is a discussion of the main assumptions employed in the preparation of the financial forecast for the business of Yashe and the Hotel Assets.

### Forecast Period

The forecast period selected is a 5-year period from Valuation Date to 30 November 2027 with the business attaining a stable state in the terminal year beginning on 1 December 2027.

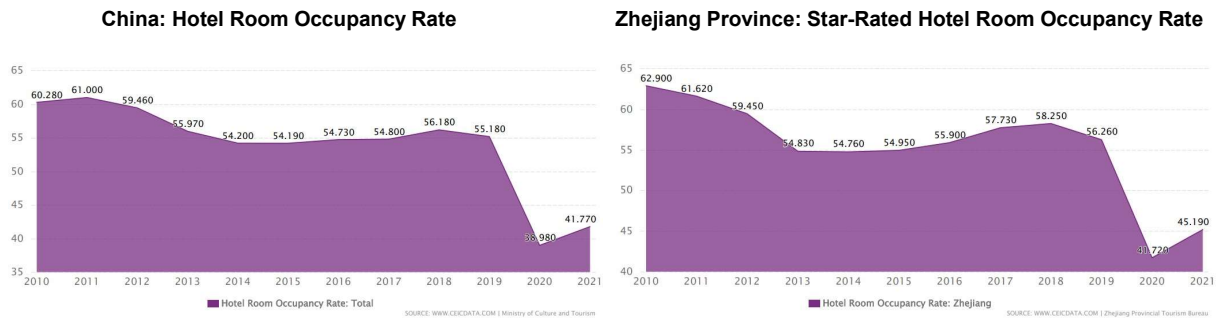
### Revenue – Room

#### Occupancy Rate

The room revenue for Year 1 is based on the following parameters for the 113 rooms available.

Room Type	No. of Units	Size (sq m)
Garden View - Queen	11	40
Garden View - Twin	29	40
Lakeview - King	36	40
Lakeview – Twin	24	40
Duplex	8	60
Suite	3	80
Villa	2	110

Forecast occupancy rate for Year 1 is based on management expectations and consideration of the occupancy data on the hotel industry in China for 2021, which ranged from 41.77% to 45.19%.



Occupancy rates in 2022 can be expected to be higher than 2021, given the lifting of certain Covid-19 restrictions in the later half of 2022. For the purpose of this exercise, we have applied a net occupancy rate of 38.32% for Landison Hotel Huzhou as it is located in Huzhou City, a tier-3 city in China where rate can be expected to increase slower than those in tier-1 cities.

For periods thereafter, the occupancy rate is forecasted to increase between 3% and 4% a year, reaching a net occupancy rate of 53.86% in Year 5. This percentage is close to the general pre-Covid-19 pandemic rates in 2019.

	Year 1	Year 2	Year 3	Year 4	Year 5
Occupancy Rate	38.32%	42.20%	46.09%	49.97%	53.86%

#### Published Daily Room Rate

We have applied an 8.0% annual increase in the forecast period. There are various reports forecasting revenue to grow at compound annual growth rates between 7.0% to 11.8% for the hotel industry in China for the period from 2022 to 2026.

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## APPENDIX A – SUMMARY OF VALUATION REPORT

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### Revenue – Food & Beverage

Landison Hotel Huzhou has dining facilities that can cater to 152 customers. The banquet hall and function room have a total of 700 square meters of space for rental. Revenue from food and beverage are expected to grow between 21.1% and 31.2% during the forecast period from increased patronage/usage and general growth in spending.

### Cost of Sale – Food & Beverage

Gross profit margin is forecasted to range from 79.8% in Year 1 to 76.3% in Year 5. Margin in Year 1 is close to the historical margin of 80.0%.

### Staff Costs & Administrative Expenses

This expense was about RMB7.1 million in 2022. The forecast for Year 1 is a total of RMB7.5 million, an increase of 5.6% to account for expected increased from general inflationary pressure. Thereafter, this expense is expected to increase between 7.5% and 10.2% as business continues to improve at the hotel.

### Other Expenses

Yashe operates the hotel under a franchise agreement with Zhejiang Tourism Investment Hotel Group Co., Ltd, which calls for a quarterly payment of RMB75,000 for the use of the “Landison Hotel” brand and access to the reservation network.

### Depreciation & Amortization Expenses

As we are valuing the Sale Shares and Hotel Assets as an entity, the fixed assets for this valuation exercise comprise of the following items.

- Hotel building
- Land use rights
- Equipment
- Machinery
- Vehicles
- Furniture and fittings
- Software

Building and land use rights are depreciated and amortized respectively over the remaining tenure of the land use rights, which is 33.9 years as the land use rights expires on 18 October 2056.

### Income Tax

The marginal income tax rate applied is 25.0%, based on the corporate tax rate in PRC.

### Working Capital Requirements

Working capital as at Valuation Date is a negative amount of RMB431,091, largely because of account receivables turnover days of 13. This ratio is generally low given the cash cycle of the hotel industry. Future working capital requirements are based on the turnover ratios in 2022.

### Capital Expenditures

It is assumed that the business needs to reinvest in its fixed assets, other than building and land use rights. As such, annual CAPEX amount in the forecast period is equal to the annual depreciation and amortization amounts of those items.

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### **Weighted Average Cost of Capital**

The WACC is calculated as 8.0% for the business of Yashe and the Hotel Assets.

### **Terminal Growth Rate**

A 3.0% terminal growth rate has been assumed for this exercise, based on the long term inflationary expectation for China.

Although the information and assumptions used in the cash flow projections are a reasonable basis for valuation purposes, our analysis and use of them do not constitute an examination or compilation of prospective financial information in accordance with established standards.

AVA is unable to provide assurance on the achievability of the results forecasted for Yashe as events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans and assumptions of the management of the business. Except as disclosed in this report, neither AVA nor APSIL is aware of other liabilities, including any contingent liabilities or unusual contractual obligations or substantial commitments, which would have a material effect on the value of the Sale Shares and Hotel Assets.

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## APPENDIX A – SUMMARY OF VALUATION REPORT

### Valuation of the Sale Shares and Hotel Assets – Income Approach

Below illustrates a DCF calculation to derive the 100% equity interest in the Sale Shares and Hotel Assets, based on a WACC of 8.0% for the business and a terminal growth rate of 3.0% for the business.

Valuation of 100% Interest in the Hotel Assets as at 30 November 2022

<i>(RMB)</i>	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Financial Forecast</b>					
<b>Revenue</b>	9,464,058	11,828,812	14,547,982	17,626,145	20,982,684
Cost of Sale	(2,048,110)	(2,705,610)	(3,473,514)	(4,346,782)	(5,277,032)
<b>Gross Margin</b>	<b>7,415,948</b>	<b>9,123,202</b>	<b>11,074,468</b>	<b>13,279,362</b>	<b>15,705,652</b>
<i>Gross Profit Margin</i>	78.4%	77.1%	76.1%	75.3%	74.9%
Other Income	345,000	419,400	594,000	611,820	630,175
Total Operating Expenses	(10,035,904)	(10,536,800)	(11,278,452)	(12,117,340)	(13,042,598)
<b>Operating Profit</b>	<b>(2,274,956)</b>	<b>(994,198)</b>	<b>390,016</b>	<b>1,773,842</b>	<b>3,293,229</b>
<i>Operating Profit Margin</i>	-24.0%	-8.4%	2.7%	10.1%	15.7%
Financial Expenses	(16,688)	(18,357)	(20,193)	(22,212)	(24,433)
<b>Profit Before Tax</b>	<b>(2,291,645)</b>	<b>(1,012,555)</b>	<b>369,823</b>	<b>1,751,630</b>	<b>3,268,796</b>
Tax	-	-	(92,456)	(437,907)	(817,199)
<b>Profit After Tax</b>	<b>(2,291,645)</b>	<b>(1,012,555)</b>	<b>277,367</b>	<b>1,313,722</b>	<b>2,451,597</b>
<i>Net Profit Margin</i>	-24.2%	-8.6%	1.9%	7.5%	11.7%
<b>DCF Calculation</b>					
Earning Before Interest After Tax	(2,274,956)	(994,198)	297,560	1,335,935	2,476,030
Add: Depreciation Expenses	2,200,828	2,140,033	2,054,538	2,069,991	2,088,533
Less: Net Working Capital Needed	339,349	271,005	318,011	362,141	383,045
Less: Capital Expenditures	(223,551)	(162,757)	(77,262)	(92,714)	(111,257)
<b>Free Cash Flow to Enterprise</b>	<b>41,670</b>	<b>1,254,084</b>	<b>2,592,847</b>	<b>3,675,352</b>	<b>4,836,353</b>
WACC	8.0%				
Periods Discounting	0.50	1.50	2.50	3.50	4.50
Discount Factor	0.96	0.89	0.82	0.76	0.71
<b>Present Value of FCFE</b>	<b>40,096</b>	<b>1,117,355</b>	<b>2,139,033</b>	<b>2,807,474</b>	<b>3,420,669</b>
<b>Terminal Year Multiple Calculation:</b>					
Cost of Capital	8.0%				
Terminal Growth Rate	3.0%				
Capitalization factor	20.60				
<b>Terminal Value Calculation:</b>					
Normalized Cash Flows in Terminal Year	4,836,353				
Terminal Value	99,628,866				
Present Value Factor	0.68				
Present Value of Terminal Value	67,805,732				
<b>Enterprise and Equity Value Calculation:</b>					
Total Present Value of FCFE 5 year	9,524,628				
Present Value of Terminal Value	67,805,732				
<b>Total FCFE</b>	<b>77,330,360</b>				
Less: Discount for Lack of Marketability	11.4% (8,815,661)				
<b>Enterprise Value</b>	<b>68,514,699</b>				
Add: Cash	162,013				
Less: Borrowings	-				
Add/Less: Other assets/liabilities	-				
Add/Less: Other assets/liabilities	-				
<b>Equity Value</b>	<b>68,676,712</b>				

The EV of Yashe operating the Hotel Assets, RMB77,330,360, is derived by summing the present value of the free cash flow to firm over the forecast period and the terminal value. An 11.4% discount is applied to account for the lack of marketability of the Hotel Assets as a private entity. The discount percentage is taken from a study conducted by Stout Risius Ross LLC, titled "2021 Edition Stout Restricted Stock Study Companion Guide". The resulting EV is RMB68,514,699. As for the equity interest, cash is added to arrive at a value of RMB68,676,712 or rounded to RMB69,000,000.

## APPENDIX A – SUMMARY OF VALUATION REPORT

For illustrative purposes, the table below highlights the value of the equity interest in the Sale Shares and Hotel Assets under different occupancy rate, gross margin, terminal growth rate and WACC.

	-1.0%	Current	+1%
Net Occupancy Rate	66,557,743	68,676,712	70,795,681
Gross Margin	67,572,679	68,676,712	69,780,746
Terminal Growth Rate	58,178,015	68,676,712	84,424,758
WACC	56,150,328	68,676,712	87,541,541

Values can be expected to range from RMB56 million to RMB88 million.

### Comparative Analysis of Value Conclusion

We looked at the valuation of the CompCos as at Valuation Date to provide a sanity check. As seen in the table below, the CompCos are much larger in size than the Sale Shares and Hotel Assets, when measured by market capitalization as at Valuation Date. The smallest company, Gudou Holdings Limited, owns and operates Gudou Hot Spring Resort in China and has a market capitalization of about RMB128.2 million as at Valuation Date. We were unable to find smaller listed comparable companies that operate in the same industry.

Company	Financial Data	
	Market Capitalization (RMB million)	Total Enterprise Value (RMB million)
SSAW Hotels & Resorts Group Co., Ltd. (SZSE:301073)	9,430.4	10,016.0
H World Group Limited (NasdaqGS:HTHT)	85,883.5	123,195.2
Keck Seng Investments (Hong Kong) Limited (SEHK:184)	658.1	1,504.4
Sino Hotels (Holdings) Limited (SEHK:1221)	1,739.7	989.4
Kai Yuan Holdings Limited (SEHK:1215)	228.9	755.8
Mexan Limited (SEHK:22)	158.5	134.3
Huatian Hotel Group Co., Ltd. (SZSE:000428)	5,481.8	7,012.9
Asia Standard Hotel Group Limited (SEHK:292)	161.2	4,232.9
Magnificent Hotel Investments Limited (SEHK:201)	807.1	1,023.9
Gudou Holdings Limited (SEHK:8308)	128.2	370.9

*Note: Market capitalization is defined as the value of the equity interest in the company.  
Source: S&P Capital IQ*

The table below highlights the business profile of each of the CompCos.

Company	Selected Information								
	Location of Hotels	Total Properties	Total Owned Properties	Total Managed Properties	Total Owned Rooms	Total Rooms Occupancy	Room Revenue %	F&B Revenue %	Taken as at
SSAW Hotels & Resorts Group Co., Ltd. (SZSE:301073)	China	300	n/a	n/a	n/a	58.0%	72.9%	8.8%	31-12-21
H World Group Limited (NasdaqGS:HTHT)	17 countries	7,830	738	7,092	753,216	n/a	54.9%	5.4%	31-12-21
Keck Seng Investments (Hong Kong) Limited (SEHK:184)	6 countries	8	5	3	2,782	n/a	42.0%	10.8%	31-12-21
Sino Hotels (Holdings) Limited (SEHK:1221)	Hong Kong	3	1	2	1,123	n/a	60.6%	8.0%	30-06-20
Kai Yuan Holdings Limited (SEHK:1215)	Paris	1	1	n/a	n/a	n/a	80.9%	14.3%	31-12-21
Mexan Limited (SEHK:22)	Hong Kong	1	1	n/a	800	50.8%	82.4%	15.4%	31-03-22
Huatian Hotel Group Co., Ltd. (SZSE:000428)	China	37	16	21	5,136	n/a	34.7%	41.2%	31-12-21
Asia Standard Hotel Group Limited (SEHK:292)	2 countries	5	5	n/a	1,170	n/a	n/a	n/a	31-03-22
Magnificent Hotel Investments Limited (SEHK:201)	3 countries	8	8	n/a	n/a	n/a	74.5%	12.2%	31-12-21
Gudou Holdings Limited (SEHK:8308)	China	9	9	n/a	n/a	27.0%	43.9%	17.8%	31-12-21

*Source: S&P Capital IQ*

SSAW Hotels & Resorts Group Co., Ltd. (SZSE:301073), Huatian Hotel Group Co., Ltd. (SZSE:000428) and Gudou Holdings Limited (SEHK:8308) are the only 3 companies with all their operations in PRC. The others have hotel properties and businesses in more than a single country, except for Kai Yuan Holdings Limited (SEHK:1215), which has a single hotel property in Paris, France.

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Company	Operating Statistics			
	LTM Gross Margin %	LTM EBITDA Margin %	LTM EBIT Margin %	LTM Net Income Margin %
SSAW Hotels & Resorts Group Co., Ltd. (SZSE:301073)	34.2%	17.1%	16.8%	9.3%
H World Group Limited (NasdaqGS:HTHT)	11.1%	4.4%	-6.9%	-16.0%
Keck Seng Investments (Hong Kong) Limited (SEHK:184)	48.8%	10.3%	-8.4%	-10.0%
Sino Hotels (Holdings) Limited (SEHK:1221)	53.8%	6.3%	-10.0%	-71.8%
Kai Yuan Holdings Limited (SEHK:1215)	-5.7%	-2.2%	-29.4%	-95.4%
Mexan Limited (SEHK:22)	40.5%	-84.3%	-65.6%	-95.2%
Huatian Hotel Group Co., Ltd. (SZSE:000428)	12.6%	-12.4%	-47.3%	25.5%
Asia Standard Hotel Group Limited (SEHK:292)	94.0%	-21.4%	-25.3%	-73.6%
Magnificent Hotel Investments Limited (SEHK:201)	53.7%	46.2%	29.4%	35.4%
Gudou Holdings Limited (SEHK:8308)	-2.8%	-22.1%	-80.9%	-144.8%
High	94.0%	46.2%	29.4%	35.4%
Low	-5.7%	-84.3%	-80.9%	-144.8%
Mean	34.0%	-5.8%	-22.8%	-43.6%
Median	37.4%	1.1%	-17.7%	-43.9%

Source: S&P Capital IQ

For illustrative purposes, as shown in table above, the CompCos reported last-12-month (“LTM”) EBITDA margins of -5.8% (average) and 1.1% (median). Average LTM operating margins, as measured by earnings before interest and tax (“EBIT”), were an average of -22.8% and median of -17.7%. The average LTM net profit margin was about -43.6%. The losses incurred by these hotel operators are consistent with the adverse operating conditions during the Covid-19 health crisis in China and globally.

Yashe and the Hotel Assets, as a single operating entity, is expected to record an EBITDA margin of -33.2% and a net margin of -68.9% in 2022, if we included the depreciation and amortization expenses of the Hotel Assets into Yashe’s financials.

Company	Trading Multiples	
	TEV/Total Revenues LTM - Latest	TEV/EBITDA LTM - Latest
SSAW Hotels & Resorts Group Co., Ltd. (SZSE:301073)	32.0	90.5
H World Group Limited (NasdaqGS:HTHT)	9.3	27.8
Keck Seng Investments (Hong Kong) Limited (SEHK:184)	2.0	19.6
Sino Hotels (Holdings) Limited (SEHK:1221)	8.6	nm
Kai Yuan Holdings Limited (SEHK:1215)	6.2	nm
Mexan Limited (SEHK:22)	3.0	nm
Huatian Hotel Group Co., Ltd. (SZSE:000428)	13.6	nm
Asia Standard Hotel Group Limited (SEHK:292)	5.2	NM
Magnificent Hotel Investments Limited (SEHK:201)	2.6	5.6
Gudou Holdings Limited (SEHK:8308)	8.0	NM
High	32.00	90.50
Low	2.00	5.60
Mean	9.05	35.88
Median	7.10	23.70

Source: S&P Capital IQ

The table above illustrates the valuation multiples of the CompCos as at Valuation Date, as measured by EV/Revenue and EV/EBITDA ratios. The dispersion of the ratios highlights the difficulty in applying these ratios to reliably imply a value for the Sale Shares and Hotel Assets.

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We looked into the other price multiples of the CompCos as at 31 December 2022, as shown below. The variance in the figures render the use of these multiples, as a gauge of the value of the Sale Shares and Hotel Assets, less reliable.

Company	Trading Multiples	
	Price-to-Book	Price/LTM EPS
SSAW Hotels & Resorts Group Co.,Ltd. (SZSE:301073)	17.95	296.35
H World Group Limited (NasdaqGS:HTHT)	9.44	NM
Keck Seng Investments (Hong Kong) Limited (SEHK:184)	0.27	NM
Sino Hotels (Holdings) Limited (SEHK:1221)	0.50	NM
Kai Yuan Holdings Limited (SEHK:1215)	0.13	NM
Mexan Limited (SEHK:22)	0.41	NM
Huatian Hotel Group Co.,Ltd. (SZSE:000428)	3.46	50.88
Asia Standard Hotel Group Limited (SEHK:292)	0.22	NM
Magnificent Hotel Investments Limited (SEHK:201)	0.30	6.82
Gudou Holdings Limited (SEHK:8308)	0.48	NM

Source: S&P Capital IQ

While the CompCos all have hotel operations, they differ in geographic coverage, hotel types and revenue mix as well. It will be a challenge to adjust the EV/Revenue ratios, to make them more applicable to the Sale Shares and Hotel Assets, to arrive at a reasonably smaller range of indicative values.

As such, we have relied on the income approach to arrive at our value conclusion.

### Conclusion of Value

**Based on the information provided, our analyses and conclusions of the various proposed scenarios, and subject to the attached Statement of General Assumptions and Limiting Conditions, we are of the opinion that, as at Valuation Date, the Market Value of the 100% equity interest in the Sale Shares and Hotel Assets is reasonably stated at RMB69,000,000.00.**

As this is a summary valuation letter, users of this report are advised to read the Full Valuation Report for a more thorough understanding of our work.

The conclusion of value for the equity interest are based on the accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

While the assumptions and consideration of such matters are considered to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of AVA and APSIL.

Users of this valuation report should be mindful that value is time dependent. In estimating the value, AVA has taken into consideration the available information, all known factors and market environment of the subject of valuation as at Valuation Date. The Valuation Date is the specific point in time as of which our opinion of value applies. This fundamental principle forbids the application of hindsight and removes any use of retrospective evidence such as data or information in forming the assessment of value, unless these facts would reasonably have been known or knowable as at Valuation Date. Our valuation is strictly guided by this principle.

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuations of prudent management over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

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## APPENDIX A – SUMMARY OF VALUATION REPORT

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This report is issued based on the understanding that management of APSIL, Grand Canal and Yashe have drawn our attention to all material matters which may have an impact on our report up to the date of this report. We are not required to update our report or any other information provided to you for events and circumstances arising after the issue of our final report.

Respectfully submitted,  
**AVA Associates Limited**



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## APPENDIX A – SUMMARY OF VALUATION REPORT

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### Statement of General Assumption and Limiting Conditions

1. This analysis is subject to the following general assumptions and limiting conditions:
2. No investigation has been made of, and no responsibility is assumed for, the legal description of the property being valued or legal matters, including title or encumbrances. Title to the property is assumed to be good and marketable unless otherwise stated. The property is assumed to be free and clear of any liens, easements, encroachments, and other encumbrances unless otherwise stated.
3. Information furnished by others, upon which all or portions of this valuation is based, is believed to be reliable but has not been verified except as set forth in this report. No warranty is given as to the accuracy of such information.
4. This report has been made only for the purpose stated and shall not be used for any other purpose. Neither this report nor any portions thereof (including, without limitations, any conclusions, the identity of AVA or any individuals signing or associated with this report, or the professional associations or organizations with which they are affiliated) shall be disseminated to third parties other than the Company and its financial accounting firm, by any means without the prior written consent and approval of AVA.
5. This appraisal has been made in conformance with the International Valuation Standards issued by the International Valuation Standards Council.
6. Neither AVA nor any individual signing or associated with this report shall be required by reason of this report to give further consultation, provide testimony or appear in court or other legal proceedings unless specific arrangements therefore have been made.
7. No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions, which occur subsequent to the valuation date hereof.
8. The date of value to which the estimate expressed in this report applies is set forth in the beginning of this report. This valuation is valid only for the valuation date indicated. Our analysis is based on the purchasing power of the Singapore Dollar as of that date.
9. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government, or private entity or organization have been or can readily be obtained or renewed for any use on which the value estimate provided in this report is based.
10. Full compliance with all applicable federal, state, and local zoning and use, occupancy, environmental, and similar laws and regulations is assumed, unless otherwise stated.
11. Responsible ownership and competent management are assumed.
12. The value estimate is predicated on the financial structure prevailing as of the date of this analysis.
13. This report may not be included or referred to in any statutory filing or other public document.
14. This is a Summary Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the valuation process to develop the valuation professional's estimate of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the valuation professional's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The valuation professional is not responsible for unauthorized use of this report.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 200609901H)

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (“**EGM**”) of the shareholders of Asia-Pacific Strategic Investments Limited (the “**Company**”) will be held by way of electronic means on 6 February 2023 at 2.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolution set out below.

*All capitalised terms in this Notice which are not defined herein shall have the same meaning as ascribed to them in the Company’s circular dated 20 January 2023 (the “**Circular**”).*

**ORDINARY RESOLUTION: THE PROPOSED DISPOSAL OF 100% OF THE ISSUED SHARES IN ZHEJIANG ZHONGFANG YASHE HOTEL MANAGEMENT CO., LTD, A 100% OWNED SUBSIDIARY OF ZHONGFANG LIANHE GRAND CANAL CULTURE TOURISM GROUP CO., LTD, AND THE HOTEL AND RELATED ASSETS OWNED BY ZHONGFANG LIANHE GRAND CANAL CULTURE TOURISM GROUP CO., LTD, A 78.5%-OWNED DIRECT SUBSIDIARY OF THE COMPANY**

THAT:

- (a) approval be and is hereby given for the proposed disposal of 100% of the issued shares in Zhejiang Zhongfang Yashe Hotel Management Co., Ltd (浙江中房雅舍酒店管理有限公司, a 100%-owned subsidiary of Zhongfang Lianhe Grand Canal Culture Tourism Group Co., Ltd (中房联合大运河文化旅游集团有限公司), and the Hotel Assets owned by Zhongfang Lianhe Grand Canal Culture Tourism Group Co., Ltd (中房联合大运河文化旅游集团有限公司), a 78.5%-owned direct subsidiary of the Company, as a major transaction under Chapter 10 of the Catalist Rules;
- (b) the Directors be authorised to do all such acts and things (including, without limitation, entering into all such transactions, arrangements and agreements and executing all such documents) as they may consider necessary or expedient for the purposes of giving effect to the Acquisition Agreement, the Assignment Agreement, the Side Letter and the Proposed Disposal; and
- (c) any and all actions taken by any Director or the Company in respect of the matters considered in this resolution be and are hereby approved and ratified.

### BY ORDER OF THE BOARD

Dato’ Dr. Choo Yeow Ming  
Chairman and Chief Executive Officer  
20 January 2023

Notes:

Shareholders of the Company (“**Shareholders**”) should take note of the following arrangements for the EGM of the Company.

1. **No attendance in person:** Pursuant to the COVID-19 (Temporary Measures) Act 2020 (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has the option to hold a virtual meeting, even where the Company is permitted under safe distancing regulations to hold a physical meeting. Due to current COVID-19 situation and the Company’s efforts to minimise physical interactions and keep COVID-19 transmission risk to a minimum, the EGM of the Company will be held by way of electronic means. Shareholders will NOT be allowed to attend the EGM in person.
2. **“Live” webcast and “live” audio feed:** Shareholders will be able to watch the EGM proceedings through a “live” webcast via their mobile phones, tablets or computers or listen to these proceedings through a “live” audio feed via telephone.
3. **Online Pre-registration required to attend the EGM:** All Shareholders as well as investors who hold shares of the Company (“**Shares**”) through the Central Provident Fund (“**CPF**”) or Supplementary Retirement Scheme (“**SRS**”, and such investors “**CPF/SRS Investors**”), who wish to attend the EGM must pre-register online at the URL: <https://globalmeeting.bigbangdesign.co/apsi2023egm/> (“**Pre-registration Website**”) no later than 2.00 p.m. on 4 February 2023 (the “**Registration Deadline**”) for verification purposes. Shareholders who wish to appoint a person or persons (other than the Chairman of the EGM (“**Chairman**”)) as a proxy or proxies to attend and vote at the EGM on their behalf must pre-register their proxy(ies) for the EGM no later than the Registration Deadline.

Investors who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore (“**Companies Act**”)) or depository agents (as defined in Section 81SF of the Securities and Futures Act 2001 of

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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Singapore) (together, “**Relevant Intermediaries**”, and such investors “**Investors**”) (other than CPF/SRS Investors) who wish to attend the EGM should instead approach their Relevant Intermediary as soon as possible in order for the Relevant Intermediary to make the necessary arrangements to pre-register.

Following successful verification by the Company, a confirmation email which contains unique user credentials and/or instructions on how to join the webcast or live audio feed, and other relevant matters (the “**Confirmation Email**”) will be sent to authenticated Shareholders, proxies and Investors who have been pre-registered for the EGM by the Registration Deadline at the email specified in their pre-registration details. Shareholders, proxies and Investors who do not receive the Confirmation Email by 2.00 p.m. on 5 February 2023 but have been pre-registered for the EGM by the Registration Deadline should contact the Company’s webcast vendor via email at [webcast@bigbangdesign.co](mailto:webcast@bigbangdesign.co) immediately.

4. **Submission of Questions:** Shareholders who registered and have been authenticated as members of the Company will be able to ask questions relating to the resolution to be tabled for approval at the EGM during the EGM by submitting text questions via the chatbox function to input their queries upon joining the webcast. The Company will endeavour to respond to such queries during the EGM as far as reasonably practicable.

Shareholders and Investors may also submit questions in advance of the EGM. All questions, together with the full names, identification numbers, contact numbers, email addresses of the Shareholders and Investors and manner in which they hold Shares in the Company, must be submitted no later than 2.00 p.m. on 27 January 2023 via the Pre-registration Website at the URL: <https://globalmeeting.bigbangdesign.co/apsi2023egm/> or via email to [contact@asiastrategic.com.sg](mailto:contact@asiastrategic.com.sg). All substantial and relevant questions received by the Company from the Shareholders prior to the deadline of 2.00 p.m. on 27 January 2023 will be addressed by the Company at least 48 hours prior to the closing date and time for the lodgement of the Proxy Forms, and the responses will be published on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements> before 2.00 p.m. on 2 February 2023, and also on the Company’s website at <http://asiastrategic.com.sg>. Substantial and relevant questions which are submitted after 2.00 p.m. on 27 January 2023 will be consolidated and addressed either before the EGM via an announcement on SGXNet or at the EGM.

5. **Voting by Shareholders:** Shareholders who wish to exercise their voting rights at the EGM may:

- (i) (where the Shareholder is an individual) attend and vote “live” at the EGM;
- (ii) (where the Shareholder is an individual or a corporate) appoint proxy(ies) to attend and vote “live” at the EGM on their behalf; and
- (iii) (where the Shareholder is an individual or a corporate) appoint the Chairman as proxy to vote on their behalf.

“Live” voting will be conducted during the EGM. **It is important for Shareholders and proxies to have their own web-browser enabled devices ready for voting during the EGM. Examples of web-browser enabled devices include mobile smartphones, laptops, tablets or desktop computers with internet capabilities.**

Shareholders and proxies who have indicated their preference for “live” voting during preregistration may cast their votes at the EGM by following the instructions provided in the Confirmation Email.

Shareholders and proxies should therefore have their Confirmation Email containing the instructions handy for reference. Instructions will be provided at the start of the EGM on how to vote. For the avoidance of doubt, “live” voting is not permissible by the audio-only feed.

6. **Appointment of Proxies:**

- (i) Shareholders who wish to appoint proxies (other than the Chairman of the EGM) to attend the EGM and vote “live” at the EGM on their behalf must do both of the following:
  - (A) complete and submit the Proxy Form in accordance with the instructions below; and
  - (B) pre-register the proxy(ies) at the Pre-registration Website by the Registration Deadline.
- (ii) As an alternative to “live” voting, Shareholders may also vote at the EGM by appointing the Chairman of the EGM as proxy to vote on their behalf in respect of all the Shares held by them.

If a Shareholder wishes to appoint a proxy or proxies (including the Chairman) to vote at the EGM on their behalf, duly completed Proxy Forms must be deposited with the Company by:

- (a) via post at the office of the Company’s share registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77 Singapore 068896 or
- (b) via electronic mail to [main@zicoholdings.com](mailto:main@zicoholdings.com), enclosing a clear scanned completed and signed Proxy Form.

The Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. The dispensation of the use of common seal pursuant to the Companies Act 1967 is applicable at this EGM. Where the Proxy Form 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.

Proxy Forms must be received by the Company by 2.00 p.m. on 4 February 2023 (being 48 hours before the time appointed for the holding of the EGM). Proxy Forms can be downloaded from SGXNet at the URL: <http://www.sgx.com/securities/company-announcements>. In the Proxy Form, a Shareholder should specifically direct the proxy on how he/she is to vote for or vote against (or abstain from voting on) the resolution to be tabled at the EGM. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion. For appointment of the

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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Chairman of the EGM as proxy, specific directions as to voting must be given. Failing which, the appointment of the Chairman of the EGM as proxy will be treated as invalid.

In view of the COVID-19 situation, the Company encourages Shareholders to submit the completed and signed Proxy Form via electronic mail. The Company may reject any instrument appointing a proxy lodged if the Shareholder appointing the proxy is not shown to have Shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the EGM as certified by CDP to the Company.

A Shareholder (who is not 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 on his/her/its behalf. A proxy need not be a Shareholder. Where a Shareholder appoints two proxies, the appointments shall be invalid unless he/she/it specifies the number of Shares or proportion of his/her/its shareholding to be represented by each proxy. A Shareholder who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Shareholder. Where such Shareholder appoints two or more proxies, the appointments shall be invalid unless such Shareholder specifies the number of Shares to be represented by each proxy.

### 7. **Voting by Investors holding Shares through Relevant Intermediaries (including CPF/SRS Investors):**

Investors holding Shares through Relevant Intermediaries (including CPF/SRS Investors) may exercise their votes in the following manner:

- (i) vote "live" at the EGM, if they are appointed as proxies by their respective Relevant Intermediaries (including CPF Agent Banks and SRS Operators); or
- (ii) specify their voting instructions to/arrange for their votes to be submitted by their respective Relevant Intermediaries (including CPF Agent Banks and SRS Operators).

Investors holding Shares through Relevant Intermediaries should not make use of the Proxy Form. Only Investors that have been duly appointed as proxies by their respective Relevant Intermediary and pre-register at the Pre-registration Website by the Registration Deadline may vote "live" at the EGM.

CPF/SRS Investors who wish to exercise their votes should approach their respective CPF Agent Bank/SRS Operator at least 7 working days before the EGM (that is, by 2.00 p.m. on 26 January 2023).

8. **Voting Results:** An independent scrutineer will be appointed by the Company to direct and supervise the counting and validation of all valid votes cast through "live" voting and through Proxy Forms received as of the above-mentioned deadline. The voting results will be announced during the EGM (and displayed onscreen for the "live" webcast) in respect of the resolution put to the vote at the EGM. The Company will also issue an announcement on SGXNet on the results of the resolution put to vote at the EGM.
9. **Minutes of EGM:** The Company will publish the minutes of the EGM on the Company website and on SGXNet within one month after the date of the EGM, and the minutes will include the responses to substantial and relevant questions from shareholders which are addressed during the EGM.

### **Documents and Information Relating to the EGM**

Documents and information relating to the EGM (including the Notice of EGM and the Proxy Form) have been published on the SGXNet. Printed copies of the Notice of EGM and the Proxy Form will not be sent to Shareholders. In view of the evolving COVID-19 situation, Shareholders are advised to continue to check SGXNet regularly for any updates relating to the EGM.

### **Personal data privacy:**

Where a Shareholder submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof or completes the Pre-registration in accordance with the Notice, a Shareholder (i) consents to the collection, use and disclosure of the Shareholder'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); the processing of the Pre-registration for purposes of granting access to shareholders (or their corporate representatives in the case of Shareholders which are legal entities) to the live webcast or live audio feed of the EGM proceedings and providing them with any technical assistance where necessary; 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 Shareholder discloses the personal data of the Shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the Shareholder 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 Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.

**PROXY FORM**

**ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200609901H)

**PROXY FORM**

**EXTRAORDINARY GENERAL MEETING**

This Proxy Form has been made available on SGXNet and the Company's website and may be accessed at the URL <http://www.asiastrategic.com.sg>. A printed copy of this proxy form will NOT be despatched to members of the Company.

**IMPORTANT:**

1. The Extraordinary General Meeting is being convened and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("Order").
2. Alternative arrangements relating to amongst others, (i) pre-registration and attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream); (ii) submission of questions in advance of the EGM or "live" at the EGM; (iii) addressing of substantial and relevant questions at the EGM; and (iv) voting "live" at the EGM or by appointing proxy(ies) to vote at the EGM, are set out in the Notice of EGM dated 20 January 2023, which has been uploaded on the SGXNet and the Company's website at the URL <http://www.asiastrategic.com.sg>.
3. Shareholders will not be able to attend the EGM in person. Shareholders who wish to exercise their voting rights at the EGM may: (a) (where the Shareholder is an individual) attend and vote "live" at the EGM; or (b) (where the Shareholder is an individual or a corporate) appoint proxy(ies) (other than the Chairman of the EGM) to attend and vote "live" at the EGM on their behalf; or (c) (where the Shareholder is an individual or a corporate) appoint the Chairman of the EGM as proxy to vote on their behalf. Shareholders who wish to appoint proxy(ies) (other than the Chairman of the EGM) to vote "live" at the EGM on their behalf must, in addition to completing and submitting this Proxy Form in accordance with the instructions set out in the notes below, complete pre-registration of the proxy(ies) at the pre-registration website at the URL: <https://globalmeeting.bigbangdesign.co/apsi2023egm/> no later than 2.00 p.m. on 4 February 2023.
4. For investors holding shares of the Company through Relevant Intermediaries including CPF/SRS investors, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors who wish to exercise their voting rights should approach their Relevant Intermediaries as soon as possible. CPFIS Investors or SRS Investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF Agent Banks or SRS Agent Banks to submit their votes by 2.00 p.m. on 26 January 2023.

\*I/We, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport Number) of \_\_\_\_\_ (Address) being \*a member/members of **ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED** (the "Company"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

or failing him/her/them, the Chairman of the extraordinary general meeting of the Company (the "EGM"), as my/our proxy/proxies\* to vote for me/us\* on my/our\* behalf at the EGM to be held by way of electronic means (via LIVE WEBCAST and/or AUDIO ONLY MEANS) on 6 February 2023 at 2.00 p.m. and at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without amendment, the Ordinary Resolutions proposed as indicated hereunder.

\*I/We direct my \*proxy/proxies to vote for or against, or abstain from voting on the Resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy/ proxies will vote or abstain from voting at his/her own discretion.

If you wish to appoint the Chairman of the EGM as proxy to cast your votes for or against a resolution to be proposed at the EGM, please ensure specific instructions as to voting is given. Failing which, the appointment of the Chairman of the EGM as proxy will be treated as invalid.

	No. of Votes For	No. of Votes Against	No. of Votes Abstain
Ordinary Resolution 1: The Proposed Disposal			

(Voting will be conducted by poll. If you wish to vote all your shares "For" or "Against" or "Abstain" the relevant resolution, please indicate with an "X" in the relevant box provided. Alternatively, if you wish to vote some of your shares "For" or "Against", or "Abstain" the relevant resolution, please insert the relevant number of shares in the relevant boxes provided. If you mark an "X" in the abstain box for a resolution, you are directing your proxy not to vote on that the relevant resolution.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

Total Number of Shares in:	
(a) CDP Register	
(b) Register of Members	

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

\* Delete where inapplicable

**Important: Please read notes overleaf.**

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## PROXY FORM

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### Notes:

1. Please insert the total number of shares in the capital of the Company ("**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 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, 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, this Proxy Form shall be deemed to relate to all the Shares held by you.
2. A member of the Company who is not a Relevant Intermediary is entitled to appoint not more than two proxies to attend, speak and vote on his behalf at the EGM. The proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, the member must specify the proportions of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100 per cent of the shareholdings of his appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
4. A Relevant Intermediary may appoint more than two proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise rights attached to a different share or shares held by him (which number or class of shares shall be specified).

**To minimise physical interactions and COVID-19 transmission risks, shareholders will NOT be able to attend the EGM in person.** Shareholders (whether individuals or corporates) who wish to exercise their voting rights at the EGM may vote "live" themselves or via their appointed proxy(ies) (excluding the Chairman of the EGM) or appoint the Chairman of the EGM as their proxy to attend, speak and vote on their behalf at the EGM. In appointing the Chairman of the EGM as proxy, Shareholders (whether individuals or corporates) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

5. This instrument appointing the proxy/proxies must:
  - (a) if sent personally or by post, be lodged at the office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77 Singapore 068896; or
  - (b) if submitted by email, be received by the Company's Share Registrar, B.A.C.S. Private Limited at [main@zicoholdings.com](mailto:main@zicoholdings.com).in either case, by 2.00 p.m. on 4 February 2023 (being not less than forty-eight (48) hours before the time appointed for holding the EGM) (the "**Proxy Deadline**").

Shareholders who wish to submit an instrument of proxy must first download, complete and sign the Proxy Forms, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**Shareholders are strongly encouraged to submit their completed Proxy Forms electronically via email.**

6. This Proxy Form must be under the hand of the appointor or of his/her/its attorney duly authorised in writing.
  - (i) Where this Proxy Form is executed by a corporation, it must be executed either under its common seal (or otherwise in accordance with its constitution) or under the hand of an officer or attorney duly authorised. The dispensation of the use of common seal pursuant to the Companies Act 1967 is applicable at this EGM.
  - (ii) Where this Proxy Form is executed by an attorney on behalf of the appointor, the letter or the power of attorney or a duly certified true copy thereof must be lodged with this Proxy Form, failing which the instrument of proxy may be treated as invalid.
7. For Investors who hold their Shares through Relevant Intermediaries as defined in Section 181 of the Companies Act 1967 (including CPFIS Investors and SRS Investors) this Proxy Form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. Investors who wish to exercise their votes by appointing the Chairman of the EGM as proxy should approach their respective Relevant Intermediaries (including their respective CPF Agent Banks or SRS Agent Banks) to submit their voting instructions at least seven (7) working days prior to the date of EGM (i.e by 2.00 p.m. on 26 January 2023), in order to allow sufficient time for their respective relevant intermediaries to in turn submit the Proxy Forms to appoint the Chairman of the EGM to vote on their behalf no later than the Proxy Deadline.

**"Relevant Intermediary"** means: (a) a banking corporation licensed under the Banking Act 1970 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; (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, 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 Shareholders 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.

The Company shall be entitled to reject this Proxy Form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this Proxy Form. In addition, in the case of Shares entered in the Depository Register, the Company may reject any Proxy Form lodged if the shareholder, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.

### Personal data privacy:

By submitting this Proxy Form, the member of the Company accepts and agrees to the personal data privacy terms as set out in the Notice of EGM dated 20 January 2023.