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

RESPONSES TO QUERIES RECEIVED FROM THE SINGAPORE EXCHANGE REGULATIONS PTE LTD ("SGX REGCO")

The Board of Directors (the "**Board**") of Asia-Pacific Strategic Investments Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the announcement dated 4 November 2022 (the "**Announcement**") and wishes to provide the following responses to the queries received from the SGX RegCo on 7 November 2022;.

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

1. Pursuant to the Proposed Acquisition, we note that the Target Group comprises of (i) an online digital platform to help consumers with their personal financial decisions and (ii) a digital insurance platform that provides a fast, simple, and fully digital journey to getting insured.

a. Given that the Group's existing operations are focused in real estate development – specifically in the hospitality sector and retirement village, how can the Group manage the new operations of the Target Group as it does not have the requisite operating track records in fintech?

<u>Company's response</u>:

The Proposed Acquisition, if undertaken and completed, will result in a reverse takeover of the Company as defined by Catalist Rule 1015. Upon completion, the new operations of the Group will be managed by directors and/or key executives of the Target Company who have the requisite operating track record in fintech. The details of such appointments shall be set out in the Circular which will be despatched to Shareholders in due course.

b. In relation to Appendix B, the Target Group recorded losses before income tax of S$1.7 million and S$10.8 million in FY2020 and FY2021 respectively. How will acquiring a loss-making asset improve the quality of business operations and enhance its financial performance?

<u>Company's response</u>:

The Target Company recorded losses during FY2020 and FY2021 as it incurred substantial expenses in developing and improving its platforms, gaining market leadership, building up scale and introducing new products, similar to some of the publicly listed fintech companies.

The Board believes that the fintech space has good prospects and based on the Board's review of the Target Group's financial projection, the Board is of the view that the Target Group has the potential to provide revenue growth, future profitability and business expansion to the Group.

Based on the foregoing, the Board believes that the Proposed Acquisition provides its shareholders with an opportunity to participate in the fintech industry.

c. **Notwithstanding that the Company had commissioned an independent valuer to conduct a desktop valuation with an indicative value ranging from US$130 million to US$180 million, the consideration payable to the Sellers is approximately S$221.5 million. This is approximately 21% higher than the indicative desktop valuation (based on the lowest range of US$130 million) and 40 times more than the Target Group's net book value of S$5.5 million as at 31 Dec 2021. Please provide the Board's and Audit Committee's considerations in agreeing to this significant premium. How is this in the best interest of the Company and its shareholders? Please identify the independent valuer.**

<u>Company's response</u>:

The Target Group is an asset-light fintech company and the most valuable assets of the Target Group are MoneySmart and Bubblegum, the online digital price comparison platform and the digital insurance platform respectively as well as its human capital. The Target Group's net book value of S$5.5 million as at 31 December 2021 is not fully reflective of the future revenue potential of the Target Group.

In preparing the indicative desktop valuation, the independent valuer, AVA Associates Limited, used market approach, namely through the use of publicly-traded guideline company methodology. The indicative market value of the Target Group is in the range of US$130 million to US$180 million as at 31 August 2022 which has considered the revenue potential of the Target Group. The Board and the Audit Committee took into consideration, *inter alia*, the rationale for the Proposed Acquisition and the indicative desktop valuation in agreeing to the Consideration of S$221.5 million (which is equivalent to US$156.8 million at an exchange rate of S$1 to US$0.708 as at 31 October 2022) that falls within the indicative market value range of the Target Group and the Valuation of the Target Group will be further assessed by AVA Associates Limited to be conducted before the Completion. Should the Valuation be lower than S$199.38 million, the Group has the right to terminate the SPA.

As disclosed in paragraph 3.3 of the Announcement, the implied valuation of S$55,438,000 ascribed by the Sellers represents a premium of approximately 100% and 211% respectively to the Group's net asset value of S$27,723,000 as at 30 June 2022 and market capitalisation of S$17,825,747 of the Company as at 28 October 2022. The Board believes that the Proposed Acquisition will therefore present Shareholders the opportunity to realise a higher valuation of the Company.

d. **Will the Company be conducting another valuation given that the current valuation is an indicative desktop valuation?**

<u>Company's response</u>:

Yes. As disclosed in paragraph 4.1(b) of the Announcement, an independent final valuation of the Target Group will be conducted before the Completion by AVA Associates Limited.

e. **The implied valuation ascribed by the Sellers was S$55 million. What are the key reasons for the vast difference between this implied valuation and the indicative desktop valuation?**

<u>Company's response</u>:

The indicative desktop valuation refers to possible values of the Target Group by using market approach valuation, whereas the implied valuation of the Company has been ascribed by the Sellers and can be derived from the original Issue Price before Proposed Share Consolidation (being S$0.00311) multiplied by the number of Shares in issue as at the date of the SPA (being 17,825,747,028 Shares).

2. Pursuant to the disposal of all equity interests held by Company in its subsidiaries ("Subsidiaries Disposal"), please assist with the following:

a. When does the Company intend to appoint and engage an independent valuer?

Company's response:

The Company will appoint and engage an independent valuer when it has received firm commitment from potential buyers.

b. Has the Company identified any potential buyer?

Company's response:

The Company has received interests from potential buyers. However, there is no firm commitment from these potential buyers as of now and the Company will follow up closely with these potential buyers and shall keep Shareholders updated if there are any further updates.

c. How was the disposal valuation of S$10 million arrived at?

Company's response:

The disposal valuation of S$10 million was arrived at after taking into consideration, among others, the total net assets value of all of the Company's subsidiaries of approximately S$7 million as at 30 June 2022 and the market sentiments of the hospitality and real estate industries in China.

BY ORDER OF THE BOARD

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

9 November 2022

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

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.