

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

ENTRY INTO JOINT VENTURE AND SHAREHOLDERS' AGREEMENT

1 INTRODUCTION

- 1.1. The board of directors of the Company (the “**Board**” or “**Directors**”) of Asia-Pacific Strategic Investments Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had on 15 September 2024 entered into a joint venture and shareholders’ agreement (the “**JV&SA**”) with EMG Unipessoal, LDA (“**EMG**”), in relation to the proposed mixed development on a plot of state land located at Oecusse Ambeno, Timor-Leste (the “**Project Oecusse**”).
- 1.2. A joint venture company, One Belt One Net LDA (the “**JVC**”), will be incorporated in Timor-Leste for the purpose of carrying out the Project Oecusse. The documents in relation to the incorporation of the JVC have been submitted to relevant authorities of Timor-Leste. The Company will update Shareholders in due course once the incorporation of JVC is approved by the relevant authorities.
- 1.3. The board of directors of the JVC shall comprise 4 members, of which 3 members are appointed by the Company and one member is appointed by EMG.
- 1.4. Subject to the fulfillment of the Conditions Precedent within the Condition Period, the JVC will have an initial issued share capital of USD5,000,000 comprising 5,000,000 ordinary shares and its shareholders’ details (if the share capital is fully subscribed) are as follows:

Name of Shareholder	Number of Shares Held	Percentage of Shareholdings (%)
The Company	4,750,000	95%
EMG	250,000	5 ¹ %
Total	5,000,000	100%

(Table 1)

2 INFORMATION RELATING TO THE JOINT VENTURE

2.1 Information on EMG

EMG is a real estate and investment company incorporated under the laws of Timor-Leste.

To the best knowledge of the Board, prior to the JV&SA, EMG, its directors and its shareholders are independent of the Group, the Company, its Directors, substantial shareholders and their respective associates.

2.2 Information of Project Oecusse

¹ Pursuant to the terms and conditions of the JV&SA, the 5% of EGM’s share as the initial investment in first phase of Project Oecusse amounting to USD250,000 will be funded by the Company to EMG as a loan, subject to an annual interest rate of 3%. The Company will cover any shortfall in the event that the first phase of investment exceeds USD250,000.

- (a) On 28 June 2024, EMG obtained land use rights from the government of Timor-Leste for a piece of state land at Oecusse Ambeno, Timor Leste (the “**Project Land**”). The size of the Project Land is 54,832 square meters. The initial lease term of the land is 50 years to 2074 and is extendable for another 50 years upon expiry (the “**Lease**”). The first 5 years of the lease, with commencement date from 15 July 2024, will be rent-free. In the sixth year, the lease rentals will be USD5,430 per month. Thereafter, the lease rentals will increase by 3% every five years.
- (b) The JVC will construct and develop the Project Land into a mixed development for commercial purpose, including hotels, shopping malls, serviced residences, electronic gaming entertainment as well as online and sports gaming establishments.
- (c) The JVC will earn and collect rental income from holding and/or managing the completed properties, and/or business arrangements with third-party developers for the purpose of earning shared rental income.
- (d) Certain of the completed properties will be permitted to be rented out by the JVC under appropriate fixed and variable rental arrangements to the third-party operators to conduct electronic gaming as well as online and sports gaming under licenses. The JVC will construct the properties and lease them to third-party operators but will not engage in operating the electronic, online, and sports gaming activities.
- (e) Under the proposal submitted to the government of Timor-Leste by EMG, the development of Project Oecusse will be executed in three phases as set out below:
 - (i) The first phase of the development consists of infrastructure development, the construction of a single-storey prefabricated capsule hotel and the necessary facilities. Phase one will commence upon securing the necessary shareholders’ funds for the project;
 - (ii) The second phase of the development encompasses additional hotel facilities such as guest rooms and suite with jacuzzi facilities, electronic gaming centres as well as facilities for online and sports gaming; and
 - (iii) The third phase of the development includes construction of commercial establishments.

2.3. **Responsibilities of the Joint Venture Partners**

- (a) The Company will be responsible for, amongst others, the overall management of the JVC and the development of Project Oecusse. The Company will lead the effort to raise funding for the development of Project Oecusse.
- (b) EMG will be responsible for, amongst others, transferring the legal rights of Project Land and the Lease to the JVC. EMG will also use its best endeavours to obtain all approvals, permits and/or licenses from the relevant authorities of Timor-Leste for the development of Project Oecusse and for carrying out of the JVC’s business activities.

2.4. **Maintaining Agreed Proportion and Distribution of Profits**

Unless otherwise unanimously agreed in writing:

- (a) The parties shall exercise their voting rights in the JVC to ensure that at all times no shares in the JVC shall be allotted to:
 - (i) Any person other than the shareholders of the JVC; and

- (ii) Any of them except in accordance with the agreed proportions (refer to *Table 1*).
 - (b) The parties agreed that, upon the JV&SA becoming unconditional (subject to the fulfillment of the Conditions Precedent within the Condition Period), EMG is entitled to profit sharing, excluding any non-cash fair value accounting gains or losses, as follows:
 - (i) 10% of the annual profit if the profit of the JVC is less than or equal to USD1,000,000; and
 - (ii) 8% of the annual profit if the profit of the JVC is more than USD1,000,000.,
- (“EMG Payout”)**
- (c) After the full settlement of the EMG Payout, the balance profit and other distributions of the JVC will be shared among its shareholders in accordance with the agreed proportions (refer to *Table 1*), subject to the applicable laws and requirements of Timor-Leste.

2.5. **New Issue of Shares**

If the JVC proposes to allot or issue new shares, the new shares will be offered to the shareholders of the JVC first in the agreed proportions at the time of the proposed issuance of new shares. In the event a shareholder of the JVC does not subscribe for the proposed issuance of new shares, the shareholdings of such shareholder in the JVC may be diluted.

2.6. **Transfer of Shares**

Except for the transfer of the shares by the Company to its related corporation, in the event a shareholder wishes to sell, transfer, assign or dispose of its shares in the JVC, the other shareholder shall have the right of first refusal to purchase the shares within 30 days from the notice of desire to sell or transfer served to the other shareholder. Otherwise, the shares shall be offered to a third-party purchaser.

3 **CONDITIONS PRECEDENT**

- 3.1. The JV&SA is conditioned upon fulfillment of the following conditions (the “**Conditions Precedent**”):
 - (a) EMG obtaining all necessary approvals such as governmental and regulatory approvals required for the successful assignment of the land use rights and the Lease of the Project Land in favour of the JVC, with conditions, if any, which are acceptable to the Company;
 - (b) EMG obtaining its shareholders’ approval for (i) EMG to enter into JV&SA and all transactions contemplated under the JV&SA, and (ii) the assignment of land use rights of the Project Land to the JVC;
 - (c) The Company obtaining and securing sufficient funding to finance Project Oecusse; and
 - (d) Approval of the Company’s shareholders (if required) for the Company to enter into the JV&SA and all transactions contemplated under the JV&SA.
- 3.2. The Company shall be entitled (but not bound) to waive in writing any Conditions Precedent.
- 3.3. Should any of the Conditions Precedent not be fulfilled within 12 months from the date of signing the JV&SA (the “**Condition Period**”), the JV&SA will lapse and cease to have further effect. All obligations between the parties will cease and neither party will have any claim against the other,

except for those explicitly stated in the JV&SA and any antecedent breach before the JV&SA lapsed. The Company is entitled but not obliged to extend the Condition Period by giving a written notice to EMG of at least seven (7) business days.

4 **RATIONALES FOR THE JOINT VENTURE**

The Group's real estate development business in China has been affected by the real estate crisis in China and has resulted in operating losses. The Board has been exploring new investments and strategic acquisitions to improve the quality of its business operations and enhance its financial performance. This joint venture provides an opportunity for the Group to expand its business into Southeast Asia and enhance the Group's business performance and sustainability.

5 **FINANCIAL EFFECTS**

The entry into the JV&SA and incorporation of the JVC are not expected to have any significant effect on the consolidated net tangible assets per share and earnings per share of the Company and the Group for the financial year ending 30 June 2025.

6 **INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors or substantial shareholders of the Company or their respective associates has any interest, direct or indirect, in Project Oecusse and the JVC other than through their respective shareholdings and/or directorships in the Company, if any.

7 **FURTHER ANNOUNCEMENTS**

The Board will make further announcements to keep shareholders informed as and when there are material updates or developments in connection with Project Oecusse.

8. **DOCUMENT AVAILABLE FOR INSPECTION**

A copy of the JV&SA will be made available for inspection during normal business hours at the registered office of the Company at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896 for three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

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

17 September 2024

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 document, including the correctness of any of the statements or opinions made or reports contained in this document.

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.