



## ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 200609901H)

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### PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF HMS CAPITAL SDN BHD

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#### 1. INTRODUCTION

The board of directors (the “**Board**”) of Asia-Pacific Strategic Investments Limited (the “**Company**”) refers to the announcement dated 28 February 2014 wherein the Company announced that it had entered into a conditional sale and purchase agreement with GR Business Holdings Limited whereby the Company will acquire the entire issued and paid-up share capital of Coeur Gold Armenia Limited from GR Business Holdings Limited (the “**Proposed Acquisition**”). The Board also announced its intention to cease, transfer or dispose of the current bereavement care services business of the Company before the completion of the Proposed Acquisition.

The Board wishes to announce that the Company had on 4 July 2014 entered into a conditional share purchase agreement (the “**SPA**”) with Heng Aik Koon (the “**Purchaser**”) for the sale of the entire issued and paid-up capital of HMS Capital Sdn Bhd (the “**Target**”), a wholly-owned subsidiary of the Company (the “**Proposed Disposal**”). Further details on the principal terms of the SPA are set out in this announcement.

The Proposed Disposal constitutes an “interested person transaction” under Chapter 9 of Section B of the listing manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”)’s Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) and will be subject to approval of shareholders of the Company at a general meeting.

#### 2. INFORMATION ON THE PURCHASER AND THE TARGET

##### The Purchaser

The Purchaser is an executive director of the Company as well as a director and the chief executive officer (“**CEO**”) of the Target. The Purchaser is also the managing director of Pribena Construction Sdn Bhd and a technical adviser to HMS Perunding Sdn Bhd.

##### The Target

The Target is a company incorporated in Malaysia on 3 March 1997 with an entire issued and paid-up capital of RM59,243,060 consisting of 59,243,060 shares of RM1.00 each. The Target and its subsidiaries (collectively, the “**Target Group**”) provide bereavement care services, own and operate memorial parks, provide funeral and disposition services, burial plots, columbaria and burial niches.

The Target has the following wholly owned subsidiaries:

- (a) Semenyih Memorial Hills Berhad, a company incorporated in Malaysia;
- (b) SMH Construction Sdn Bhd, a company incorporated in Malaysia;
- (c) SMH Bereavement Services Sdn Bhd, a company incorporated in Malaysia;
- (d) Jin Ann Memorial Village Sdn Bhd (formerly known as Priority Everlasting Sdn Bhd), a company incorporated in Malaysia;
- (e) U & U Memorial Marketing (KL) Sdn Bhd, a company incorporated in Malaysia; and
- (f) SMH Park Management Sdn Bhd, a company incorporated in Malaysia.

### 3. RATIONALE AND USE OF PROCEEDS

The Proposed Disposal, together with the Proposed Acquisition, is in line with the Company's intention to transform its core business from providing bereavement care services to a business in the highly prospective mineral mining industry. The Board is of the view that this change of its core business will enhance shareholder value as the Company anticipates good cashflow from the new business and has the prospect of quick expansion of the mineral mining business, first in Armenia and subsequently, as opportunities become available, in other parts of Central Asia and Southeast Asia.

The proceeds from the Proposed Disposal represent cash resources that may be used to capitalise on business opportunities and further growth to enhance value for shareholders in the long term.

### 4. PRINCIPAL TERMS

#### 4.1 SPA

The Company has, subject to the terms and conditions of the SPA, agreed to sell and the Purchaser has agreed to purchase the entire issued and paid-up capital of the Target (the "**Sale Shares**").

#### 4.2 Consideration

The aggregate consideration payable by the Purchaser to the Company for the Sale Shares is RM10,700,000 (the "**Consideration**") in cash. The Consideration was arrived at after arm's length negotiations between the Company and the Purchaser on normal commercial terms and after taking into consideration, inter alia, the net loss position of the Target and its subsidiaries (the "**Target Group**") for the last five financial years.

#### 4.3 Conditions Precedent

Under the terms of the SPA, the completion of the Proposed Disposal is conditional upon:

- (a) the approval of the board of directors and shareholders of the Company having been obtained for the disposal of the Sale Shares on the terms of the SPA and pursuant to the requirements of the Catalist Rules;

- (b) all necessary approvals, consents and waivers of any government bodies, stock exchange and other regulatory authority having jurisdiction over the transactions contemplated in the SPA and all other transactions in connection therewith and incidental thereto, having been obtained by the Company, such consents, approvals and waivers not having been amended, withdrawn or revoked before the date of completion of the Proposed Disposal (the “**Completion Date**”), and to the extent that such consent, approvals and waivers are subject to any conditions required to be fulfilled before the Completion Date, all such conditions having been duly fulfilled;
- (c) no national, federal, regional, state, local or other court, arbitral tribunal, administrative agency or commission or other governmental, administrative or regulatory body, authority, agency or instrumentality taking, instituting, implementing or threatening to take, institute or implement any action, proceeding, suit, investigation, inquiry or reference, or having made, proposed or enacted any statute, regulation, decision, ruling, statement or order or taken any steps, and there not continuing to be in effect or outstanding any statute, regulation, decision, ruling, statement or order which would or might:
  - (i) make the transactions contemplated in the SPA and all other transactions in connection therewith and incidental thereto, void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or otherwise frustrate or be adverse to the same;
  - (ii) render the Purchaser unable to purchase all or any of the Sale Shares in the manner set out in the SPA; and/or
  - (iii) render the Company unable to dispose of all or any of the Sale Shares in the manner set out in the SPA;
- (d) each of the warranties of the Company and the Purchaser under the SPA being complied with, true, complete, accurate and correct in all material respects to the best knowledge and belief of the Company and the Purchaser as at the date hereof and until the Completion Date.

(collectively, the “**Sale Conditions**”)

## 5. **VALUE OF THE BUSINESS**

### 5.1 **Book Value and Net Liability Value**

Based on the latest unaudited financial statements of the Company for the nine months ended 31 March 2014, the book value of the Sale Shares and the net liability value of the Target Group was RM109,169,000 and RM2,222,000 respectively. Based on the Consideration of RM10,700,000 and the book value of the Sale Shares of RM109,169,000, the Proposed Disposal is expected to result in a deficit over the book value of RM98,469,000.

### 5.2 **Net Loss**

Based on the latest unaudited financial statements of the Company for the nine months ended 31 March 2014, the unaudited net loss before tax attributable to the Sale Shares was RM1,413,000.

### 5.3 Loss on Disposal

Based on the latest unaudited financial statements of the Company for the nine months ended 31 March 2014, the Proposed Disposal is expected to result in a loss on disposal of RM189,000,000 to the Company and its subsidiaries (the “Group”).

### 5.4 Valuation

An independent valuation will be performed in respect of the Sale Shares.

## 6. FINANCIAL EFFECTS

### 6.1 Assumptions

The pro forma financial effects of the Proposed Disposal on the Group have been prepared based on the figures derived from the Group’s audited consolidated financial statements for FY2013, as well as the Group’s latest unaudited consolidated financial statements for the nine months ended 31 March 2014, and are purely for illustration purposes only and do not reflect the actual future results and financial position of the Group following the completion of the Proposed Disposal.

### 6.2 Net Tangible Assets

For illustrative purposes and assuming the Proposed Disposal had been completed on 30 June 2013, the pro forma financial effects on the consolidated net tangible assets (“NTA”) for FY2013 are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (RM'000)	48,536	60,069
Number of shares ('000)	69,341	69,341
NTA per share (RM)	0.70	0.87

For illustrative purposes and assuming the Proposed Disposal had been completed on 31 March 2014, the pro forma financial effects on the consolidated net tangible assets (“NTA”) for the nine months ended 31 March 2014 are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (RM'000)	60,189	73,112
Number of shares ('000)	142,772	142,772
NTA per share (RM)	0.42	0.51

### 6.3 Earnings

For illustrative purposes and assuming the Proposed Disposal had been completed on 1 July 2012, the pro forma financial effects on the earnings per share of the Group for FY2013 are as follows:

	Before Proposed Disposal	the Proposed Disposal	After the Proposed Disposal
Net profit/(loss) attributable to shareholders after tax (RM'000)	(3,438)		(197,571)
Weighted average number of shares ('000)	69,341		69,341
Earnings/(loss) per share (RM)	(0.05)		(2.85)

For illustrative purposes and assuming the Proposed Disposal had been completed on 1 July 2013, the pro forma financial effects on the earnings per share of the Group for the nine months ended 31 March 2014 are as follows:

	Before Proposed Disposal	the Proposed Disposal	After the Proposed Disposal
Net profit/(loss) attributable to shareholders after tax (RM'000)	(4,164)		(193,956)
Weighted average number of shares ('000)	123,476		123,476
Earnings/(loss) per share (RM)	(0.03)		(1.57)

### 6.4 Share Capital

The Proposed Disposal will not have any effect on the share capital and shareholding structure of the Company as the Proposed Disposal does not involve the allotment and issuance of any new shares in the Company and the Consideration is wholly satisfied in cash.

## 7. SHAREHOLDER'S APPROVAL

### 7.1 Discloseable Transaction

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

Rule 1006	Bases	Size of Relative Figures (%)
(a)	Net asset value of the Sale Shares to be disposed of, compared with the Group's net asset value	Not applicable <sup>(1)</sup>
(b)	Net loss attributable to the Sale Shares disposed of, compared with the Group's net loss before tax	34 <sup>(2)</sup>

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|-----|---|------------------|
| (c) | The aggregate value of the consideration received, compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares | 7 <sup>(3)</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   |

**Notes:**

- (1) As at the nine months ended 31 March 2014, the Sale Shares has net liability value of RM2,222,000 as compared with the net asset value of the Group of RM60,190,000.
- (2) Based on the loss before tax of the Sale Shares disposed of pursuant to the Proposed Disposal and the net loss before tax of the Group for the nine months ended 31 March 2014 of RM4,164,000.
- (3) Based on the Consideration and the issued share capital of the Company of 995,608,775 ordinary shares in the capital of the Company ("**Shares**") and the volume weighted average price of S\$0.061 as at 3 July 2014 (being the last market day for which the Shares were traded prior to the day the SPA was entered into).

As the relative figures on the bases set out in Rules 1006(b) and 1006(c) exceed 5% but have not exceeded 75%, the Proposed Disposal is not a major transaction but constitutes a "discloseable transaction" to which Rule 1010 (read with Rule 1006) of the Catalist Rules applies.

However, given that the Proposed Disposal constitutes a disposal of the Group's core business, the Board would like to seek the approval of shareholders for the Proposed Disposal at a extraordinary general meeting ("**EGM**") to be convened.

## **7.2 Interested Party Transaction**

The Company is an "entity at risk" while the Purchaser is an "interested person" as defined under the provisions in Chapter 9 (Interested Person Transactions) of the Catalist Rules in view of the fact that he is an executive director of the Company.

Accordingly, the disposal of shares in the Target pursuant to the Proposed Disposal constitutes an "Interested Person Transaction" for the purposes of Chapter 9 (Interested Person Transactions) of the Catalist Rules.

The aggregate consideration from the sale of shares in the Sale Company pursuant to the Disposal Agreement amounts to RM10,700,000. The audited NTA of the Company as at 30 June 2013 was RM48,536,000. As the aggregate consideration exceeds 5% of the Group's latest audited NTA, the disposal of shares in the Target pursuant to the Proposed Disposal to the Purchaser is subject to independent shareholders' approval in an EGM pursuant to the provisions in Chapter 9 of the Catalist Rules.

The Purchaser will abstain, and has undertaken to ensure that his associates will abstain from voting on the resolution approving the Proposed Disposal, and from accepting any appointments as proxies unless specific instructions as to voting are given at the EGM.

Save for the Proposed Disposal, there are no other interested person transactions with the Purchaser for the current financial year of the Company to date. There are also no interested

person transactions with other interested persons of the Company in the current financial year to date.

### **7.3 Extraordinary General Meeting**

The circular to shareholders setting out information on the Proposed Disposal together with a notice of the EGM to be convened will be dispatched to shareholders in due course.

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

Save as disclosed in paragraph 7.2, none of the directors or shareholders of the Company (other than in their capacity as directors or Shareholders of the Company) has any interest, direct or indirect, in the Proposed Disposal.

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

## **9. INDEPENDENT FINANCIAL ADVISER**

Asian Corporate Advisors Pte. Ltd. has been appointed as the Independent Financial Adviser (the “**IFA**”) to the independent Directors of the Company to opine on whether the financial terms of the Proposed Disposal are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

## **10. AUDIT COMMITTEE’S STATEMENT**

The Company’s Audit Committee members, being, Mr Yap Siean Sin, Dr Lam Lee G. and Mr Chew Soo Lin, will consider the opinion of the IFA when it issues its IFA opinion letter in due course and will form a view, which will be set out in the circular as referred to in paragraph 7.3 when it is finalised.

## **11. DOCUMENTS FOR INSPECTION**

A copy of the SPA is available for inspection during normal business hours at the registered office of the Company for a period commencing three (3) months from the date of this announcement.

## **12. DIRECTORS’ RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement 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 announcement misleading. Where information in the announcement 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 announcement in its proper form and context.

**BY ORDER OF THE BOARD**

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

4 July 2014

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This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor had not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any statements or opinions made or reports contained in this announcement.

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