



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: China Real Estate Grp Ltd. (fka Asia-Pacific Strategic Investments Limited)

Security: China Real Estate Grp Ltd. (fka Asia-Pacific Strategic Investments Limited)

Meeting details:

Date: 29 October 2018

Time: 11.00 a.m.

Venue: Antica I, Level 2, Orchard Rendezvous Hotel, 1 Tanglin Road, Singapore 247905

Company Description

China Real Estate Grp Ltd., an investment holding company, provides real estate agency services in Singapore and Hong Kong. The company operates through three segments: Investment, Sub-Franchise, and Real Estate Agency. Its real estate agency services include corporate and residential leasing, commercial and industrial sales, and residential sales and resales services. The company also offers real estate franchise rights to other real estate agencies. The company was formerly known as Asia-Pacific Strategic Investments Limited and changed its name to China Real Estate Grp Ltd. in August 2018. China Real Estate Grp Ltd. was incorporated in 2006 and is headquartered in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5RA)

1. In the Chairman's statement, the details of the Huzhou Project were mentioned. The entire project, spanning over 320 ha of land, will have 3 phases of development to transform 66 ha into a leisure-cum-lifestyle hub with hotels, waterside villas, island residences, townhouses and modern commercial centres. Work on a 114-room boutique lakeside hotel has started, scheduled to be operational by the second quarter of 2019.

Details of the Phase 1 of the Huzhou project are as follows (page 9):

- Land area covering 6.4 ha, with an estimated gross development value of 714 million yuan (\$149.8 million)
- Villas with a gross floor area ("GFA") of 45,000 sqm, and strata townhouses with a GFA of 19,200 sqm, to be launched by June 2019
- 114-room boutique lakeside hotel

- (i) **With management devoting the majority of the group's resources into the Huzhou project, shareholders would like to request the company to provide a more comprehensive overview of the development project to help shareholders understand the prospects and the risks.**

Please provide key details of the projects to show the:

- **Development plans (number of villas, townhouses, residential units, commercial towers, number of hotels rooms, other commercial/recreational facilities)**
- **Development timeline (development plans over the three phases, including targeted start dates and completion dates)**
- **Development costs for each phase**
- **Revenue model and projections**
- **Licences, permits required**

- (ii) **In particular, can management help shareholders understand how the estimated price of more than RMB11,000 per sqm for the villas and townhouses was determined? How does this compare to townhouses and villas in comparable cities, such as Hangzhou, Suzhou etc?**

- (iii) **What is the track record and experience of management in launching and selling premier property development in China?**

- (iv) **Following the two rights issues, the group's total equity stands at \$54.0 million. With \$4.1 million already invested into the building of the hotel, will the group require more capital to complete the funding of the project?**

2. In the financial year, the group carried out two 2-for-1 rights issues which were completed in January 2018 and July 2018.

2018 Rights cum Warrants Issue A - The company issued 7,785,307,748 new ordinary shares at S\$0.003 per share to raise net proceeds of \$22.375 million. The results of the January 2018 rights are as follows:

	Number of Rights Shares with Warrants	As a percentage of the total number of Rights Shares with Warrants
Valid Acceptances	2,245,190,363	28.9%
Excess Applications	1,473,482,690	18.9%
Underwritten Rights Shares	4,066,634,695	52.2%
Total	7,785,307,748	100%

(Source: Company announcement dated 26 January 2018)

- (i) Can the board help shareholders understand if it had evaluated (ex post) the low application rate for the rights issue? If so, what were the findings?**
- (ii) Would the board, especially the independent directors, help shareholders understand if the board deliberated on the possible dilution to minority shareholders before the rights issue, and if it reviewed the dilutive impact on minorities after the completion of the first 2018 rights issue?**

2018 Rights cum Warrants Issue B - Despite the low application by shareholders in the earlier rights issue, the company proceeded with another rights issue that was completed on 27 July 2018. 6,145,168,199 new ordinary shares at S\$0.002 per share were issued to raise proceeds of \$12.29 million.

The interest of Mr. Oei Hong Leong increased from 0% to 34.82% after the first rights issue, and further increased to 35.76% after the second rights issue.

- (iii) Given the low application rate by minority shareholders, has the board evaluated its options to raise capital to fund its growth plans?**
- (iv) Has the board evaluated how it might be able to tap other sources of funds, such as strategic partners, to fund the Huzhou development, so as to minimise the dilution to minority shareholders?**

3. Dr Lam Lee G. was appointed to the board on 5 June 2007. Dr Lam is also the company's lead independent director. During the financial year, Dr Lam was absent from a board meeting, one audit committee meeting, one nominating committee and one remuneration committee meeting.

The attendance of the directors in board and board committee meetings are shown below:

Directors' Attendance at Board and Board Committee Meetings								
Name of Director	Board Meeting		Audit Committee Meeting		Nominating Committee Meeting		Remuneration Committee Meeting	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Dato' Dr Choo Yeow Ming	4	4	4	4 ⁽³⁾	2	2	1	1 ⁽³⁾
Lee Keng Mun	4	4	4	4 ⁽³⁾	2	2 ⁽³⁾	1	1 ⁽³⁾
Hano Maeloa	4	4	-	-	-	-	-	-
Zhang Wenqing ⁽¹⁾	1	1	-	-	-	-	-	-
Lum Moy Foong ⁽¹⁾	1	1	-	-	-	-	-	-
Dr Lam Lee G.	4	3	4	3	2	1	1	0
Chew Soo Lin	4	4	4	4	2	2	1	1
Yap Slean Sin	4	4	4	4	2	1 ⁽³⁾	1	1
Lien Kait Long ⁽²⁾	-	-	-	-	-	-	-	-

⁽¹⁾ Appointed as director on 22 March 2018.

⁽²⁾ Appointed as director on 16 May 2018.

⁽³⁾ By invitation.

(Source: Company annual report)

In FY2016, Dr Lam was absent for one board meeting and one audit committee meeting as well.

- (i) Can the company help shareholders understand if there were extenuating circumstances that led Dr Lam to be absent for the board and board committee meetings?**
- (ii) As the Lead independent director, would Dr Lam be holding himself to a higher standard in terms of his commitment and performance on the board?**
- (iii) As disclosed in the Corporate Governance Report, Dr Lam sits on 12 listed companies. A summary of Dr Lam's commitment is reproduced below:**



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Name of Director	Date of first appointment to the Board	Date of last re-election as Director	Current directorships in other listed companies	Past directorships in other listed companies (preceding three years)
Dr Lam Lee G.	5 June 2007	30 October 2015	Adamas Finance Asia Limited AustChina Holdings Limited China LNG Group Limited China Medical (International) Group Limited China Shandong High-Speed Financial Group Limited Csi Properties Limited Elife Holdings Limited Glorious Sun Enterprises Limited Haitong Securities Company Limited Hsin Chong Group Holdings Limited Hua Long Jin Kong Company Limited Huarong Investment Stock Corporation Limited	Imagi International Holdings Limited Roma Group Limited Rowsley Ltd UDL Holdings Limited Vietnam Equity Holding Xi'an Haitian Antena Holdings Company Limited

Can Dr Lam let shareholders know how he is able to devote sufficient time, energy and attention to the matters of the group especially during this critical transformation period?

- (iv) As Dr Lam is seeking his re-election at the AGM, would Dr Lam let shareholders know his commitment to the group should he be re-elected? Would Dr Lam reconsider his other commitments should he be re-elected?**

A copy of the questions for the Annual Report for the financial year ended 30 June 2017 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Asia-Pacific%20Strategic%20Investments%20Ltd>

The company's response could be found here: -----