ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED

(Company Reg. No. 200609901H)

Financial Statements And Related Announcement for the Nine Months and Third Quarter Ended 31 March 2018

PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	3rd Qtr Ended 31/03/18 S$'000	3rd Qtr Ended 31/03/17 S$'000	Increase/ (decrease) %	9 Months Ended 31/03/18 S$'000	9 Months Ended 31/03/17 S$'000	Increase/ (decrease) %
Continuing operations							
Revenue		3,353	3,558	(5.8)	12,271	11,864	3.4
Cost of sales		(3,109)	(3,333)	(6.7)	(11,188)	(11,151)	0.3
Gross profit		244	225	8.4	1,083	713	51.9
Other gain/(loss), net		211	(96)	n.m.	(529)	(1,189)	(55.5)
Expenses							
- Distribution and marketing		(72)	(79)	(8.9)	(224)	(439)	(49.0)
- Administrative		(1,362)	(1,158)	17.6	(3,811)	(3,854)	(1.1)
- Finance		155	-	n.m.	(757)	-	n.m.
Loss before income tax		(824)	(1,108)	(25.6)	(4,238)	(4,769)	(11.1)
Income tax credit/(expense)	A	5	5	-	18	(61)	n.m.
Loss from continuing operations	B	(819)	(1,103)	(25.7)	(4,220)	(4,830)	(12.6)
Discontinued operations							
Loss from discontinued operations		-	-	-	-	(176)	n.m.
Total loss		(819)	(1,103)	(25.7)	(4,220)	(5,006)	(15.7)
Other comprehensive income:							
Items that may be reclassified to profit or loss:							
Currency translation gain from consolidation		212	-	n.m.	219	29	655.2
Total comprehensive loss		(607)	(1,103)	(45.0)	(4,001)	(4,977)	(19.6)

n.m. = Not meaningful.

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	Note	3rd Qtr Ended 31/03/18 S$'000	3rd Qtr Ended 31/03/17 S$'000	Increase/ (decrease) %	9 Months Ended 31/03/18 S$'000	9 Months Ended 31/03/17 S$'000	Increase/ (decrease) %
Loss attributable to:							
Equity holders of the Company		(827)	(1,103)	(25.0)	(3,957)	(5,006)	(21.0)
Non-controlling interests		8	-	n.m.	(263)	-	n.m.
		(819)	(1,103)	(25.7)	(4,220)	(5,006)	(15.7)
Total comprehensive loss attributable to:							
Equity holders of the Company		(668)	(1,103)	(39.5)	(3,799)	(4,977)	(23.7)
Non-controlling interests		61	-	-	(202)	-	n.m.
		(607)	(1,103)	(45.0)	(4,001)	(4,977)	(19.6)

1(a)(ii) Notes to statement of comprehensive income

A. Income tax credit/(expense)

	3rd Qtr Ended 31/03/18 S$'000	3rd Qtr Ended 31/03/17 S$'000	Increase/ (decrease) %	9 Months Ended 31/03/18 S$'000	9 Months Ended 31/03/17 S$'000	Increase/ (decrease) %
Income tax credit/(expense)						
- Over/(under) provision in respect of prior years	-	-	n.m.	3	(76)	n.m.
- Deferred income tax	5	5	-	15	15	-
	5	5	-	18	(61)	n.m.

B. The net loss is determined after crediting/(charging) the following:

	Note	3rd Qtr Ended 31/03/18 S$'000	3rd Qtr Ended 31/03/17 S$'000	Increase/ (decrease) %	9 Months Ended 31/03/18 S$'000	9 Months Ended 31/03/17 S$'000	Increase/ (decrease) %
Foreign exchange gain/(loss)	(i)	38	(310)	n.m.	(108)	(800)	(86.5)
Investment income:							
- Fair value gain/(loss) on financial assets at fair value through profit or loss	(ii)	10	(202)	n.m.	(1,226)	(992)	23.6
- Dividend income	(iii)	77	288	(73.3)	418	662	(36.9)
Depreciation and amortisation	(iv)	(98)	(101)	(3.0)	(326)	(268)	21.6
Interest income from other receivables	(v)	25	67	(62.7)	169	206	(18.0)
Interest expense:							
- Other payables	(vi)	155	-	n.m.	(757)	-	n.m.
Operating lease expenses	(vii)	(241)	(217)	11.1	(696)	(603)	15.4
Loss on disposal of subsidiary corporation	(viii)	-	-	n.m.	-	(377)	n.m.

n.m. = Not meaningful.

Note (i)
The lower foreign exchange loss in the nine months ended 31 March 2018 ("9MFY18") was due to the strengthening of the underlying currency of the financial assets, Ringgit Malaysia, against the reporting currency, Singapore Dollar, during 9MFY18.

Note (ii)
The Group reported a fair value loss of S$1.2 million on financial assets in 9MFY18 as compared to S$992,000 in the nine months ended 31 March 2017 ("9MFY17") due mainly to the fluctuation in quoted prices of investments.

Note (iii)
The dividend income reported in the third quarter ended 31 March 2018 ("3QFY18") and 9MFY18 was derived from the financial assets at fair value through profit or loss.

Note (iv)
The higher depreciation and amortization in 9MFY18 was due to the higher amount of depreciable assets during this period.

Note (v)
The lower interest income from other receivables in 3QFY18 and 9MFY18 was due to the full repayment by the debtor on amounts owing to the Company during the period.

Note (vi)
The interest expenses in 9MFY18 were related to interest expenses incurred by the subsidiary corporations of the Group in Huzhou, People's Republic of China ("PRC") ("Huzhou Subsidiaries") on advances from their 28.0% shareholder, China Real Estate Group Union Co., Ltd ("CREU"). The increase in these expenses resulted from the consolidation of the newly acquired subsidiary corporations, in which the Group holds a 72.0% stake. The negative interest expenses in 3QFY18 resulted from the reversal of interest expenses over accrued. For more details on the Huzhou Subsidiaries, please refer to the circular to shareholders dated 27 September 2017.

Note (vii)
The increase in operating lease expenses was due mainly to the additional office space taken up by the subsidiary corporations of the Group due to business expansion as well as the consolidation of the operating lease expenses of the newly acquired Huzhou Subsidiaries.

Note (viii)
The loss on disposal of a subsidiary reported in 9MFY17 was with respect to the disposal of Century 21 Hong Kong Limited ("C21 HK") which was completed on 15 November 2016.

1(b)(i) A statement of financial position (for the issuer and the group), together with a comparative statement as at the end of the immediate preceding financial year.

	Group		Company	
	31/03/2018	**30/06/2017**	**31/03/2018**	**30/06/2017**
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Current assets				
Cash and cash equivalents	18,632	1,198	3,626	1,044
Financial assets, at fair value through profit or loss	9,537	15,024	9,537	15,024
Trade and other receivables	4,200	13,022	11,099	12,739
Other current assets	1,884	399	175	130
Available-for-sale financial assets	2,000	2,000	2,000	2,000
	36,253	31,643	26,437	30,937
Non-current assets				
Development properties	24,360	-	-	-
Investment in subsidiary corporations	-	-	24,400	-*
Property, plant and equipment	398	574	12	10
Intangible assets	2,005	1,096	-	-
	26,763	1,670	24,412	10
Total assets	63,016	33,313	50,849	30,947
LIABILITIES				
Current liabilities				
Trade and other payables	6,878	5,205	47	59
Borrowings	1,355	-	-	-
Current income tax liabilities	15	16	15	16
	8,248	5,221	62	75
Non-current liabilities				
Provisions	204	204	-	-
Deferred income tax liabilities	5	21	-	-
	209	225	-	-
Total liabilities	8,457	5,446	62	75
Net assets	54,559	27,867	50,787	30,872
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	183,725	161,334	183,725	161,334
Foreign currency translation reserve	(15,781)	(15,939)	(15,939)	(15,939)
Accumulated losses	(121,485)	(117,528)	(116,999)	(114,523)
	46,459	27,867	50,787	30,872
Non-controlling interests	8,100	-	-	-
Total equity	54,559	27,867	50,787	30,872

** Less than $1,000.*

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

	As at 31/03/2018		As at 30/06/2017	
	Secured	**Unsecured**	**Secured**	**Unsecured**
	S$'000	S$'000	S$'000	S$'000
Term loan	1,354	-	-	-

Amount repayable after one year

	As at 31/03/2018		As at 30/06/2017	
	Secured	**Unsecured**	**Secured**	**Unsecured**
	S$'000	S$'000	S$'000	S$'000
Term loan	-	-	-	-

Details of any collateral

One of the Huzhou Subsidiaries, Huzhou Dixi Gengdu Ecological Agriculture Development Co., Ltd, was granted a term loan facility of up to RMB6,500,000 from a licensed bank on 6 February 2018 for working capital purposes. The term loan bears interest of 6% per annum and is secured against a piece of land located in Huzhou, PRC measuring 10,638 square metres owned by the other Huzhou Subsidiary, Huzhou Shaoxi Yuyin Culture Industry Co., Ltd. The term loan was fully drawndown on 28 February 2018 and is repayable on 25 February 2019.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	3rd Qtr Ended		9 Months Ended	
	31/03/2018	**31/03/2017**	**31/03/2018**	**31/03/2017**
	S$'000	S$'000	S$'000	S$'000
Cash flows from operating activities				
Total loss	(819)	(1,103)	(4,220)	(5,006)
Adjustments for:				
Depreciation of property, plant and equipment	88	70	255	176
Amortisation of intangible assets	10	31	71	92
Property, plant and equipment written-off	-	-	-	119
Income tax (credit)/expense	(5)	(5)	(18)	61
Interest expenses	(155)	-	757	-
Interest income	(25)	(67)	(169)	(206)
Dividend income	(77)	(288)	(418)	(662)
Loss on disposal of subsidiary corporation	-	-	-	377
Unrealised translation loss	1	-	-	-
	(982)	(1,362)	(3,742)	(5,049)
Changes in working capital				
Development properties	(724)	-	(2,355)	-
Trade and other receivables	7,132	571	12,141	1,989
Other current assets	(941)	(97)	(1,423)	(11)
Financial assets, at fair value through profit or loss	(7,725)	(190)	5,488	(1,340)
Trade and other payables	(8,548)	(123)	(10,435)	8,069
Cash (used in)/generated from operations	(11,788)	(1,201)	(326)	3,658
Income tax (paid)/refunded	-	(77)	2	(79)
Net cash (used in)/provided by operating activities	(11,788)	(1,278)	(324)	3,579
Cash flows from investing activities				
Additions to property, plant and equipment	(7)	(198)	(20)	(397)
Dividend received	77	288	418	662
Net cash outflow from acquisition of subsidiary corporations	-	-	(10,272)	-
Net cash outflow from disposal of subsidiary corporation	-	-	-	(14,313)
Net cash from/(used in) investing activities	70	90	(9,874)	(14,048)
Cash flows from financing activities				
Proceeds from issuance of new ordinary shares	23,356	-	23,356	-
Share issue expenses	(965)	-	(965)	-
Proceeds from investments in the registered capital of subsidiaries by non-controlling interests	1,223	-	4,100	-
Drawdown of borrowings	1,344	-	1,344	-
Repayment of borrowings	(107)	-	(107)	-
Proceeds from exercise of warrants	-	9	-	9
Net cash provided by financing activities	24,851	9	27,728	9
Net increase/(decrease) in cash and cash equivalents	13,133	(1,179)	17,530	(10,460)
Cash and cash equivalents at beginning of period	5,595	3,131	1,198	12,078
Effects of currency translation on cash and cash equivalents	(96)	-	(96)	334
Cash and cash equivalents at end of period	18,632	1,952	18,632	1,952

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalising issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	← Attributable to equity holders of the Company →					
	Share capital	**Foreign currency translation reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group						
9 months ended 31 March 2018						
Beginning of financial period	161,334	(15,939)	(117,528)	27,867	-	27,867
Total comprehensive loss	-	158	(3,957)	(3,799)	(202)	(4,001)
Acquisition of subsidiary corporations	-	-	-	-	4,202	4,202
Investment in the registered capital in subsidiary corporations by non-controlling interests	-	-	-	-	4,100	4,100
Issuance of new ordinary shares	23,356	-	-	23,356	-	23,356
Share issue expenses	(965)	-	-	(965)	-	(965)
End of financial period	183,725	(15,781)	(121,485)	46,459	8,100	54,559
9 months ended 31 March 2017						
Beginning of financial period	161,325	(16,001)	(110,919)	34,405	-	34,405
Total comprehensive loss	-	29	(5,006)	(4,977)	-	(4,977)
Issuance of new ordinary shares pursuant to exercise of warrants	9	-	-	9	-	9
Reclassification on disposal of a subsidiary corporation	-	12	-	12	-	12
Transfer from foreign currency translation reserve	-	21	(21)	-	-	-
End of financial period	161,334	(15,939)	(115,946)	29,449	-	29,449

	Share capital S$'000	Foreign currency translation reserve S$'000	Accumulated losses S$'000	Total equity S$'000
Company				
9 months ended 31 March 2018				
Beginning of financial period	161,334	(15,939)	(114,523)	30,872
Total comprehensive loss	-	-	(2,476)	(2,476)
Issuance of new ordinary shares	23,356	-	-	23,356
Share issue expenses	(965)	-	-	(965)
End of financial period	183,725	(15,939)	(116,999)	50,787
9 months ended 31 March 2017				
Beginning of financial period	161,325	(15,939)	(110,340)	35,046
Total comprehensive loss	-	-	(2,871)	(2,871)
Issuance of new ordinary shares pursuant to exercise of warrants	9	-	-	9
End of financial period	161,334	(15,939)	(113,211)	32,184

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediate preceding financial year.

The movement of the Company's share capital is as follows:

	Number of issued shares
Balance at 1 January 2018	3,892,653,874
Issuance of new ordinary shares pursuant to the rights cum warrants issue completed on 31 January 2018 ("2018 Rights cum Warrants Issue")	7,785,307,748
Balance at 31 March 2018	11,677,961,622

The Company does not have any treasury shares or subsidiary holdings as at 31 March 2018 and 31 March 2017.

The number of shares that may be issued on conversion of the Company's outstanding warrants as at the end of the financial period is as follows:

	31/03/2018	31/03/2017
- Warrants expiring on 16 July 2018 ("2013 Warrants")	14,078,669	10,559,328
- Warrants expiring on 6 May 2019 ("2014 Warrants")	1,031,017,308	773,282,530
- Warrants expiring on 19 November 2020 ("2015 Warrants")	3,455,920,834	2,592,009,576
- Warrants expiring on 30 January 2023 ("2018 Warrants")	7,785,307,748	-
	12,286,324,559	3,375,851,434

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding financial year.

	31/03/2018	30/06/2017
Total number of issued shares excluding treasury shares	11,677,961,622	3,892,649,864

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1(d)(v) A statement showing all sales, transfers, disposals, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation are consistent with those applied in the audited financial statements for the financial year ended 30 June 2017, except as disclosed in paragraph 5 below.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all the new and revised Financial Reporting Standards ("FRS") and Interpretation of FRS ("INT FRS") that are relevant to its operations and effective from annual periods beginning on or after 1 July 2017. The adoption of the new/revised FRS and INT FRS did not result in material changes to the Group's or the Company's accounting policies and had no material impact on the results under review. Where applicable, the presentation of the financial information has been amended to comply with these standards.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

9 Months Ended	Continuing operations		Discontinued operations		Total	
	31/03/18	**31/03/17**	**31/03/18**	**31/03/17**	**31/03/18**	**31/03/17**
Net loss attributable to equity holders of the Company (S$'000)	(3,957)	(4,830)	-	(176)	(3,957)	(5,006)
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	8,691,815	3,892,650	8,691,815	3,892,650	8,691,815	3,892,650
Basic loss per share (Cents per share)	(0.05)	(0.12)	-	(0.01)	(0.05)	(0.13)

3rd Quarter Ended	Continuing operations		Discontinued operations		Total	
	31/03/18	**31/03/17**	**31/03/18**	**31/03/17**	**31/03/18**	**31/03/17**
Net loss attributable to equity holders of the Company (S$'000)	(827)	(1,103)	-	-	(827)	(1,103)
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	8,885,406	3,891,723	8,885,406	3,891,723	8,885,406	3,891,723
Basic loss per share (Cents per share)	(0.01)	(0.03)	-	-	(0.01)	(0.03)

As the Group was making losses for the financial periods ended 31 March 2018 and 31 March 2017, the dilutive potential shares from the warrants were anti-dilutive and no changes were made to the diluted loss per share.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital excluding treasury shares of the issuer at the end of the :-**

(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		**Company**	
	31/03/2018	**30/06/2017**	**31/03/2018**	**30/06/2017**
Net asset value per ordinary share	S$0.004	S$0.007	S$0.004	S$0.008

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following :-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

A. Review of Financial Performance

<u>3QFY18 vs. Third Quarter Ended 31 March 2017 ("3QFY17")</u>

Revenue and gross profit

The revenue and gross profit in 3QFY18 were comparable to those reported in 3QFY17.

Administrative expenses

The higher administrative expenses in 3QFY18 were due mainly to higher office rental and professional fees during the period as well as the consolidation of the Huzhou Subsidiaries' income statements from the date of acquisition.

Net loss

The Group reported a net loss of S$0.8 million in 3QFY18 as compared with the net loss of S$1.1 million posted in 3QFY17 due mainly to higher other gain, net.

<u>9MFY18 vs. 9MFY17</u>

Revenue and gross profit

The revenue in 9MFY18 was comparable to that reported in 9MFY17. The Group recorded higher gross profit of S$1.1 million in 9MFY18 as compared to S$713,000 in 9MFY17 due mainly to a higher proportion of commissions earned from international projects which yielded higher gross profit margin.

Other loss, net

The lower other loss, net reported in 9MFY18 was mainly because of lower foreign exchange losses. In 9MFY18 there was a S$377,000 loss from the disposal of C21 HK.

Distribution and marketing expenses

The lower distribution and marketing expenses reported for 9MFY18 were due to lesser marketing activities carried out during the period.

Finance expense

The finance expenses mainly related to interest expenses from other payables incurred by the Huzhou Subsidiaries with the consolidation of the Huzhou Subsidiaries' income statements from the date of acquisition.

Loss from discontinued operations

The loss from discontinued operations in 9MFY17 consisted of financial results of C21 HK from 1 July to 15 November 2016, the completion date of the disposal.

Net loss

The Group reported a net loss of S$4.2 million in 9MFY18 as compared with the net loss of S$5.0 million posted in 9MFY17. This was due mainly to lower other loss, net and distribution and marketing expenses, which were offset by higher finance expense as mentioned above.

B. Review of Financial Position

<u>*The Group*</u>

Cash and cash equivalents

The increases in cash and cash equivalents were due mainly to cash inflows of:

i. net proceeds of S$22.4 million from the 2018 Rights cum Warrants Issue; and
ii. S$4.1 million from the investments by CREU in the Huzhou Subsidiaries in December 2017 and February 2018 respectively in order to meet its investment commitment vis-à-vis the registered capital of the Huzhou Subsidiaries.[1]

The increases were partly offset by net cash outflow from the acquisition of the Huzhou Subsidiaries amounting to S$10.3 million.

Financial assets, at fair value through profit or loss

The Group's financial assets, at fair value through profit or loss, consist mainly of shares quoted on stock exchanges. The drop in financial assets, at fair value through profit or loss was attributable mainly to the disposal of financial assets as well as the fair value loss of S$1.2 million. The net proceeds from the disposal were utilised to fund the purchase consideration of the Huzhou Subsidiaries.

Trade and other receivables

The drop in trade and other receivables was due mainly to the repayment of two major other receivables amounting to S$7.9 million during the period.

Other current assets

The increase in other current assets was due mainly to the consolidation of the balance sheets of the Huzhou Subsidiaries from the date of acquisition. The other current assets in the Huzhou Subsidiaries are mainly prepaid operating expenses and office rental deposits.

Development properties

The increase in development properties was due mainly to the consolidation of the balance sheets of the Huzhou Subsidiaries from the date of acquisition.

Intangible assets

The increase in intangible assets was attributable mainly to goodwill arising from the acquisition of the Huzhou Subsidiaries amounting to S$1.1 million.

[1] Prior to the completion of the acquisition of 72% equity interests in Huzhou Subsidiaries from CREU by the Company (the "Completion"), the constitutions of the Huzhou Subsidiaries were changed whereby 72% of the registered capital of each Huzhou Subsidiary is held by the Company with the remaining 28% being held by CREU. Each of the Company and CREU are permitted to fund each Huzhou Subsidiary subsequent to the Completion. Therefore, the funding of the Huzhou Subsidiaries by CREU in December 2017 and February 2018, as well as the funding of the Huzhou Subsidiaries by the Company in January 2018, which were undertaken in order to fulfil such investment commitment, does not affect their respective equity interests in the Huzhou Subsidiaries.

Trade and other payables

The increase in trade and other payables was due mainly to the consolidation of the balance sheets of the Huzhou Subsidiaries from the date of acquisition. The trade and other payables are mainly amounts payable by the Huzhou Subsidiaries to third party contractors.

The Company

Cash and cash equivalents

The increase in cash and cash equivalents was due mainly to net proceeds of S$22.4 million from the 2018 Rights cum Warrants Issue. The increase was partly offset by the investments in aggregate of S$10.5 million by the Company in the Huzhou Subsidiaries in January 2018 in order to meet its investment commitment vis-à-vis the registered capital of the Huzhou Subsidiaries, the incorporation of a wholly owned subsidiary, Asia-Pacific Real Estate (Beijing) Information Advisory Co., Ltd (亚太置地（北京）信息咨询有限公司) ("AP Beijing") in July 2017, which has a registered capital of S$2.1 million, as well as additional investment in financial assets and payment of operating expenses. For further information on the incorporation of AP Beijing, please refer to the Company's announcement dated 21 July 2017.

Investment in subsidiary corporations

The increase in investment in subsidiary corporations was due mainly to the following events:

i. purchase consideration of the Huzhou Subsidiaries amounting to S$11.8 million;
ii. investments in aggregate of S$10.5 million by the Company in the Huzhou Subsidiaries in January 2018 in order to meet its investment commitment vis-à-vis the registered capital of the Huzhou Subsidiaries; and
iii. incorporation of AP Beijing with registered capital of S$2.1 million.

C. Review of Cash Flow

In 9MFY18, the Group recorded an increase of S$17.5 million in cash and cash equivalents. The increase was due mainly to net cash from financing activities of S$27.7 million. The cash inflow came mainly from the 2018 Rights cum Warrants Issue. This was offset by net cash used in investing activities of S$9.9 million.

The Group reported a positive change of S$3.4 million in working capital in 9MFY18 attributable mainly to the decrease in trade and other receivables of S$12.1 million and financial assets, at fair value through profit or loss of S$5.5 million offset by an decrease in trade and other payables of S$10.4 million as mentioned in 'Review of Financial Position' above.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

A. Real estate agency business and real-estate related services

The property market has been recovering since 2017. The increase in en-bloc transactions in recent months is expected to result in new and resale property transactions as en-bloc sellers will need to be re-located while new residential units will be launched by the developers of the en-bloc properties acquired. This will benefit the real estate agency industry as a whole. However, the mergers of PropNex Realty with Dennis Wee Group, and OrangeTee with Edmund Tie & Co, as well as the listing of APAC Realty (which operates the ERA property agency) in 2017 have changed the real estate agency sector's competitive landscape. The Group expects operating conditions to be very challenging for the coming 12 months.

B. Real estate development

On 16 November 2017, the Company completed the acquisition of 72% of the rights and interest of and in the Huzhou Subsidiaries for a total consideration of RMB57,600,000.

The Huzhou Subsidiaries have obtained management rights over a land parcel located in Digang Town, Nanxun District, Zhejiang Province in Huzhou, PRC with a total site area of 320 hectares (the "Project Land"). On the Project Land, the Huzhou Subsidiaries are undertaking the development of waterside villas, island residences and townhouses with a focus on wellness and healthy living facilities, as well as hotels, leisure farm resorts and canal sightseeing facilities, with a view to building a community featuring the unique culture of the west of the Yangtze river, in Huzhou, PRC (the "Huzhou Project"). The Huzhou Project is currently at the planning and design stage.

The Huzhou Subsidiaries have obtained state-owned construction land use rights over a land parcel located next to the Project Land with a total site area of 10,638 square metres (the "Hotel Land"). A 114-room hotel is under construction on the Hotel Land (the "Hotel Project").

On 31 January 2018, the Company completed the Rights cum Warrants Issue and raised net proceeds of approximately S$22.4 million (the "Net Proceeds"). As previously announced, the Company plans to utilise up to 90% of the Net Proceeds towards the expansion of the new business of property development and property investments including the development of the Huzhou Project and the Hotel Project. The investments in aggregate of S$10.5 million by the Company in the Huzhou Subsidiaries in January 2018 in order to meet its investment commitment vis-à-vis the registered capital of the Huzhou Subsidiaries, which was funded by the Net Proceeds, is in line with this purpose.

11. Dividend

(a) Current Financial Period Reported On
Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Book closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to the effect.

No dividend has been declared for the quarter ended 31 March 2018.

13. If the Group has obtained a general mandate from shareholders for interested person transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained for the quarter ended 31 March 2018.

14. Utilisation of Proceeds

A. Rights cum warrants issue completed on 7 May 2014 (the "2014 Rights cum Warrants Issue")

On 7 May 2014, the Company issued 715,210,185 new ordinary shares at S$0.02 per share pursuant to the 2014 Rights cum Warrants Issue. The proceeds from the 2014 Rights cum Warrants Issue were initially to be utilised as follows:

	Proposed utilisation ratio %
1. Defraying costs and expenses arising from the proposed acquisition of Coeur Gold Armenia Ltd	30-70*
2. Funding growth and expansion	10-30*
3. General working capital	10-30*

As announced in the second quarter ended 31 December 2018 results announcement, the Company revised the intended use of proceeds and, as at 31 Match 2018, the status in terms of utilisation is as follows:

Use of Proceeds	**Actual utilisation S$'000**	**As a percentage of gross proceeds %**	**Proposed utilisation ratio %**
Defraying costs and expenses arising from the proposed acquisition of Coeur Gold Armenia Ltd	1,627	11.6	11.6*
Funding growth and expansion	4,200	29.9	10-30*
To fund the proposed expansion in new business of property development and property investment	2,917	20.8	10-30*
General working capital	4,413	31.4	10-50*
Total	13,157	93.7	

Note:
* The proposed utilisation ratio as a percentage of net proceeds, after deducting all share issue expenses

With respect to the S$4,413,000 used for general working capital, the breakdown is as follows:

General working capital – Purpose of utilisation	**Percentage utilised (%)**
Payment of employee compensation and directors' fees	45.5
Payment of office overheads	25.4
Payment of professional fees and other compliance costs	19.8
Payment to suppliers	9.3
Total	100.0

The use of the proceeds is in accordance with the stated use.

B. Rights cum warrants issue completed on 20 November 2015 (the "2015 Rights cum Warrants Issue")

On 20 November 2015, the Company issued 2,593,863,776 new ordinary shares at S$0.005 per share pursuant to the 2015 Rights cum Warrants Issue and raised net proceeds of S$12,618,700. The status in terms of utilisation of proceeds is as follows:

Use of Proceeds	Actual utilisation S$'000	As a percentage of gross proceeds %	Proposed utilisation ratio %
To fund the proposed expansion in new business of real estate agency and real-estate related services and support	5,970	47.3	30-70*
General working capital	3,539	28.1	10-30*
Total	9,509	75.4	

Note:
* The proposed utilisation ratio as a percentage of net proceeds, after deducting all share issue expenses

With respect to the S$3,539,000 used for general working capital, the breakdown is as follows:

General working capital – Purpose of utilisation	Percentage utilised (%)
Payment of employee compensation and directors' fees	46.3
Payment of office overheads	30.0
Payment of professional fees and other compliance costs	23.7
Total	100.0

The use of the proceeds is in accordance with the stated use.

C. Rights cum warrants issue completed on 31 January 2018 (the "2018 Rights cum Warrants Issue")

On 31 January 2018, the Company issued 7,785,307,748 new ordinary shares at S$0.003 per share pursuant to the 2018 Rights cum Warrants Issue and raised net proceeds of approximately S$22.4 million. The status in terms of utilisation of proceeds as at the date of this report is as follows:

Use of Proceeds	Actual utilisation S$'000	As a percentage of gross proceeds %	Proposed utilisation ratio %
To fund the proposed expansion in new business of property development and property investments	13,735	61.3	70-90*
General working capital	-	-	10-30*
Total	13,735	61.3	

The use of the proceeds is in accordance with the stated use.

Note:
* The proposed utilisation ratio as a percentage of net proceeds, after deducting all share issue expenses.

15. **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).**

The Company confirms that it has procured the undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

16. **Whitewash waiver**

Capitalised terms used below, unless otherwise defined, shall have the same meanings as defined in the circular to shareholders of the Company dated 21 November 2017.

Please note that in connection with the Rights cum Warrants Issue that was undertaken by the Company and completed on 31 January 2018, the Securities Industry Council of Singapore (the "SIC") had on 6 November 2017 waived the obligation under Rule 14 of the Code for Mr Oei Hong Leong ("Mr Oei") and his concert parties (the "Concert Party Group") to make a Mandatory Offer for the Company in the event the Concert Party Group increases their aggregate shareholding in the Company to 30% or more based on the Company's enlarged issued share capital as a result of:

(a) the subscription for Rights Shares pursuant to the Sub-underwriting Commitment or Rights cum Warrants Issue,

(b) the exercise of Warrants subscribed for pursuant to the Sub-underwriting Commitment or Rights cum Warrants Issue, or

(c) the exercise of Adjustment Warrants,

(the "Whitewash Waiver").

<u>Disclosure Note required under the Code</u>

In the Extraordinary General Meeting held on 6 December 2017, the Shareholders of the Company approved, *inter alia*, (i) a rights cum warrants issue of up to 14,537,002,596 new ordinary shares with 14,537,002,596 warrants; and (ii) a Whitewash Resolution. The disclosures as required under Note 2, Section 2 of Appendix 1 of the Code are set out below:

(a) the Shareholders (other than Mr. Hano Maeloa and Ms Oei Siu Hoa @ Sukmawati Widjaja, the concert parties of the Concert Party Group and parties not independent of them) approved the Whitewash Resolution waiving their rights to receive a mandatory general offer from the Concert Party Group in accordance with Rule 14 of the Code, in the event that the Concert Party Group's subscription of the Rights Shares and Warrant Shares arising from the exercise of the Warrants under the Rights cum Warrants Issue and/or the Adjustment Warrant Shares arising from the exercise of the Adjustment Warrants (including (a) the subscription of up to 7,785,299,728 Rights Shares by Mr. Oei pursuant to the Sub-underwriting Commitment; and/or (b) the exercise of up to 7,785,299,728 Warrants subscribed by Mr. Oei under the Sub-underwriting Commitment) results in the Concert Party Group incurring an obligation to make a mandatory general offer pursuant to Rule 14 of the Code. To rely on the Whitewash Resolution, the acquisition of Rights Shares and Warrants under the Rights cum Warrants Issue by the Concert Party Group must be completed within three (3) months of the approval of the Whitewash Resolution, and (A) the acquisition of the Warrant Shares by the Concert Party Group upon the exercise of the Warrants and (B) the acquisition of new Shares upon the exercise of the Adjustment Warrants by Mr. Hano Maeloa and Ms. Oei Siu Hoa @ Sukmawati Widjaja must be completed with five (5) years of the date of issue of the Warrants (being 30 January 2023);

(b) as at 26 April 2018 (the "Latest Practicable Date"), the Concert Party Group holds in aggregate:

    (i) 4,361,213,649 Shares representing 37.35% of the voting rights in the capital of the Company; and

(ii) 266,039,268 2014 Warrants, 288,612,298 2015 Warrants and 4,066,634,695 Warrants (collectively, the "Convertibles");

(c) the maximum potential voting rights of the Concert Party Group in the Company, assuming that only the Concert Party Group (but not other Shareholders) exercises their Convertibles in full is 55.11% (based on the enlarged share capital which includes the shares issued arising from the exercise of Convertibles held by the Concert Party Group);

(d) having approved the Whitewash Resolution on 6 December 2017, Shareholders have waived their rights to a general offer from the Concert Party Group and their concert parties at the highest price paid by the Concert Party Group for Shares in the past 6 months preceding the commencement of the offer; and

(e) having approved the Whitewash Resolution on 6 December 2017, Shareholders could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of (A) the Warrants subscribed by the Concert Party Group pursuant to the Sub-underwriting Commitment or Rights cum Warrants Issue and (B) the Adjustment Warrants to be issued to Mr Hano Maeloa and Ms Oei Siu Hoa @ Sukmawati Widjaja.

BY ORDER OF THE BOARD

Lee Keng Mun
Director/Chief Operating Officer
4 May 2018

CONFIRMATION BY THE BOARD

We, Dato' Dr. Choo Yeow Ming and Lee Keng Mun, being two of the directors of Asia-Pacific Strategic Investments Limited (the "Company"), do hereby confirm on behalf of the board of directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial results for the third quarter ended 31 March 2018 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Dato' Dr. Choo Yeow Ming	Lee Keng Mun
Director	Director

4 May 2018