

# ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED

(Formerly known as China Real Estate Grp Ltd.)  
(Company Reg. No. 200609901H)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 30 June 2021

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

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

	Note	6 Months Ended		Increase/ (decrease) %	12 Months Ended		Increase/ (decrease) %
		30/06/2021 S\$'000	30/06/2020 S\$'000		30/06/2021 S\$'000	30/06/2020 S\$'000	
Revenue		631	351	79.8	1,198	625	91.7
Cost of sales		<u>(171)</u>	<u>(215)</u>	(20.5)	<u>(333)</u>	<u>(400)</u>	(16.8)
Gross profit		460	136	238.2	865	225	284.4
Other gains/(losses), net							
- Interest income from bank deposits		3	2	0.5	4	6	(33.3)
- Impairment loss on financial assets at amortised cost		-	(16)	n.m.	-	(16)	n.m.
- Others		(370)	263	n.m.	626	(279)	n.m.
Expenses							
- Distribution and marketing		(200)	(147)	36.1	(376)	(431)	(12.8)
- Administrative		(3,063)	(3,511)	(12.8)	(5,765)	(6,402)	(10.0)
- Finance		<u>(302)</u>	<u>(58)</u>	420.7	<u>(425)</u>	<u>(78)</u>	444.9
Loss before income tax		(3,472)	(3,331)	4.2	(5,071)	(6,975)	(27.3)
Income tax credit	A	<u>7</u>	<u>12</u>	(41.7)	<u>15</u>	<u>13</u>	15.4
<b>Net loss</b>	B	<u><b>(3,465)</b></u>	<u><b>(3,319)</b></u>	4.4	<u><b>(5,056)</b></u>	<u><b>(6,962)</b></u>	(27.4)
<b>Other comprehensive income:</b>							
Items that may be reclassified subsequently to profit or loss:							
Currency translation gain arising from consolidation		478	411	16.3	935	12	7,691.7
Items that will not be reclassified subsequently to profit or loss:							
Fair value loss on financial assets, at FVOCI		(2,000)	-	n.m.	(2,000)	-	n.m.
Currency translation gain arising from consolidation		182	154	18.2	359	5	7,080.0
<b>Other comprehensive (loss)/income, net of tax</b>		<u>(1,340)</u>	<u>565</u>	n.m.	<u>(706)</u>	<u>17</u>	n.m.
<b>Total comprehensive loss</b>		<u><b>(4,805)</b></u>	<u><b>(2,754)</b></u>	74.5	<u><b>(5,762)</b></u>	<u><b>(6,945)</b></u>	(17.0)

n.m. = Not meaningful.

	6 Months Ended		Increase/ (decrease)	12 Months Ended		Increase/ (decrease)
	30/06/2021	30/06/2020	(decrease)	30/06/2021	30/06/2020	(decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Loss attributable to:</b>						
Equity holders of the Company	(2,885)	(2,580)	11.8	(3,781)	(5,888)	(35.8)
Non-controlling interests	<u>(580)</u>	<u>(739)</u>	(21.5)	<u>(1,275)</u>	<u>(1,074)</u>	18.7
	<u>(3,465)</u>	<u>(3,319)</u>	4.4	<u>(5,056)</u>	<u>(6,962)</u>	(27.4)
<b>Total comprehensive loss attributable to:</b>						
Equity holders of the Company	(4,407)	(2,169)	103.2	(4,846)	(5,876)	(17.5)
Non-controlling interests	<u>(398)</u>	<u>(585)</u>	(32.0)	<u>(916)</u>	<u>(1,069)</u>	(14.3)
	<u>(4,805)</u>	<u>(2,754)</u>	74.5	<u>(5,762)</u>	<u>(6,945)</u>	(17.0)

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

#### A. Income tax credit

	6 Months Ended		Increase/ (decrease)	12 Months Ended		Increase/ (decrease)
	30/06/2021	30/06/2020	(decrease)	30/06/2021	30/06/2020	(decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Deferred income tax	8	11	(27.3)	16	11	45.5
Current income tax						
- (Under)/over provision in respect of prior year	<u>(1)</u>	<u>1</u>	n.m.	<u>(1)</u>	<u>2</u>	n.m.
	<u>7</u>	<u>12</u>	(41.7)	<u>15</u>	<u>13</u>	15.4

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

Note	6 Months Ended		Increase/ (decrease)	12 Months Ended		Increase/ (decrease)	
	30/06/2021	30/06/2020	(decrease)	30/06/2021	30/06/2020	(decrease)	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Interest expense:							
- Lease liabilities	(i)	(12)	(21)	(42.9)	(27)	(41)	(34.1)
- Bank borrowings	(ii)	(290)	(37)	683.8	(398)	(37)	975.7
Rental income	(iii)	82	38	115.8	241	73	230.1
Currency exchange gain	(iv)	621	415	49.6	1,323	37	3,475.7
Investment income:							
- Fair value loss on financial assets, at FVPL	(v)	(1,052)	(348)	202.3	(1,097)	(444)	147.1
- Dividend income	(vi)	-	93	n.m.	72	244	(70.4)
Depreciation and amortisation	(vii)	(803)	(1,040)	(22.8)	(1,597)	(1,282)	24.6
Loss on disposal of financial assets, at FVPL	(viii)	(87)	(140)	(37.9)	(84)	(455)	(81.5)
Allowance for impairment of trade and other receivables		-	(16)	n.m.	-	(16)	n.m.
Bad debts written-off	(ix)	(125)	(507)	(75.3)	(125)	(507)	(75.3)
Write-back of commission payables	(ix)	122	686	(82.2)	122	686	(82.2)

n.m. = Not meaningful.

Note (i)

The lower interest expense on lease liabilities in the 6 months ended 30 June 2021 (“2HFY21”) and the financial year ended 30 June 2021 (“FY21”) was due to lower amount of lease interest amortised using the effective interest method.

Note (ii)

The increase in interest expense on bank borrowings in 2HFY21 and FY21 was attributable to interest expense in respect of term loans of S\$5.0 million and RMB30.0 million which were drawdown in June 2020 and December 2020 respectively. The interest expense on these term loans were recognised in 2HFY21 and FY21. The interest expense in the 6 months ended 30 June 2020 (“2HFY20”) and the financial year ended 30 June 2020 (“FY20”) was in respect of term loan of RMB10.0 million which was drawdown in January 2020 and was fully repaid in December 2020.

Note (iii)

The rental income was mainly derived from the sublease of land in Huzhou, the People’s Republic of China (the “PRC”) to local residents for agriculture and aquaculture activities. The increase in rental income was due to more land being subleased to local residents in 2HFY21 and FY21.

Note (iv)

The Group reported a higher foreign exchange gain in 2HFY21 and FY21 as compared to 2HFY20 and FY20 respectively. This was due mainly to the strengthening of the underlying currency of the amounts due from subsidiary corporations in the PRC in Renminbi, against the reporting currency in Singapore Dollar.

Note (v)

Fair value loss arose from the fluctuation in the quoted price of financial assets at FVPL. The higher fair value loss was due mainly to the decrease in the quoted price of the financial assets during the period under review and as at 30 June 2021.

Note (vi)

Dividend income was derived from quoted investments. The lower dividend income in 2HFY21 and FY21 was due to lower dividend declared and paid by the investee company as well as lower quantity of investments held.

Note (vii)

The higher depreciation and amortisation expenses were mainly due to 12 month’s depreciation charges of the hotel building for the Group’s Cheery Hotel Huzhou (now known as Anatole Hotel Huzhou) and its related fittings and equipment reported in FY21, as compared to 10 month’s related depreciation charges in FY20. Cheery Hotel Huzhou commenced its operations in October 2019 and started the depreciation thereafter. Higher depreciation and amortisation expenses in 2HFY20 was attributable to adjustment made to the depreciation charge for 6 months period ended 31 December 2019.

Note (viii)

The lower loss on disposal of financial assets at FVPL was attributable mainly to lower quantity of quoted shares sold during the 2HFY21 and FY21.

Note (ix)

The bad debt written-off was in respect of commission receivables from the real estate agency transactions for which the collectability was doubtful. Correspondingly, the related commission payables of these doubtful commission receivables were written-back.

**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 immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	<b>30/06/2021</b>	<b>30/06/2020</b>	<b>30/06/2021</b>	<b>30/06/2020</b>
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	1,537	4,030	902	3,427
Financial assets, at FVPL	2,824	3,381	2,824	3,381
Trade and other receivables	2,973	11,435	24,925	6,704
Inventories	187	183	-	-
Other current assets	1,680	1,640	124	133
Financial assets, at FVOCI	-*	2,000	-*	2,000
	<u>9,201</u>	<u>22,669</u>	<u>28,775</u>	<u>15,645</u>
<b>Non-current assets</b>				
Trade and other receivables	10,023	-	-	17,362
Development properties	13,642	11,642	-	-
Investment in subsidiary corporations	-	-	25,575	23,495
Property, plant and equipment	30,027	29,780	100	311
Intangible assets	21	27	-	-
	<u>53,713</u>	<u>41,449</u>	<u>25,675</u>	<u>41,168</u>
<b>Total assets</b>	<u>62,914</u>	<u>64,118</u>	<u>54,450</u>	<u>56,813</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	5,492	4,950	492	157
Borrowings	1,585	2,327	1,297	313
Current income tax liabilities	15	15	15	15
	<u>7,092</u>	<u>7,292</u>	<u>1,804</u>	<u>485</u>
<b>Non-current liabilities</b>				
Borrowings	9,804	5,066	3,797	5,005
Deferred income tax liabilities	574	559	-	-
	<u>10,378</u>	<u>5,625</u>	<u>3,797</u>	<u>5,005</u>
<b>Total liabilities</b>	<u>17,470</u>	<u>12,917</u>	<u>5,601</u>	<u>5,490</u>
<b>Net assets</b>	<u>45,444</u>	<u>51,201</u>	<u>48,849</u>	<u>51,323</u>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	195,738	195,733	195,738	195,733
Foreign currency translation reserve	(16,133)	(17,055)	(15,939)	(15,939)
Fair value reserve	(6,000)	(4,000)	(6,000)	(4,000)
Accumulated losses	(134,244)	(130,285)	(124,950)	(124,471)
	<u>39,361</u>	<u>44,393</u>	<u>48,849</u>	<u>51,323</u>
<b>Non-controlling interests</b>	<u>6,083</u>	<u>6,808</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>	<u>45,444</u>	<u>51,201</u>	<u>48,849</u>	<u>51,323</u>

\* Less than S\$1,000

**1(b)(ii) The aggregate amount of group’s borrowings and debt securities at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.**

Amount repayable in one year or less, or on demand

	Group As at 30/06/2021		Group As at 30/06/2020	
	Secured S\$’000	Unsecured S\$’000	Secured S\$’000	Unsecured S\$’000
Term loans	1,453	-	1,971	-

Amount repayable after one year

	Group As at 30/06/2021		Group As at 30/06/2020	
	Secured S\$’000	Unsecured S\$’000	Secured S\$’000	Unsecured S\$’000
Term loans	9,793	-	5,000	-

Details of any collateral

- (a) The Group was granted a term loan facility of RMB30.0 million for working capital purposes from a licensed bank in the PRC. The term loan bears an interest of 7.5% per annum and is secured against:
- (i) a leasehold land measuring 10,638m<sup>2</sup> and the hotel building erected on the leasehold land owned by the Group, in Huzhou, PRC (the “Hotel Collateral”); and
  - (ii) a personal guarantee by Dato Dr Choo Yeow Ming (“Dr Choo”), the Chairman and Chief Executive Officer of the Group, of up to RMB55.0 million.

The term loan was fully drawdown in December 2020 and is repayable as below:

Repayment date	Amount (RMB)
21 December 2021	1,200,000
21 December 2022	1,800,000
21 December 2023	3,000,000
21 December 2024	12,000,000
25 December 2025	12,000,000

- (b) The Group was granted a term loan facility of S\$5.0 million for working capital purposes from a licensed bank in Singapore. The term loan bears an interest of 2.5% per annum and is secured against a deed of undertaking from Dr Choo to top up any principle and interest shortfall. The term loan has a tenor of 5 years and was fully drawdown in June 2020. It is repayable in 47 monthly principle and interest instalments of S\$109,571 commencing on 16 July 2021 and the last principle and interest instalment of S\$109,670 falling on 16 June 2025.
- (c) During FY20, the Group was granted a term loan facility of RMB10.0 million for working capital purposes from a licensed bank in the PRC. The term loan bears an interest of 4.5% per annum and is secured against:
- (iii) the Hotel Collateral; and
  - (iv) a corporate guarantee by Zhongfang Lianhe Grand Canal Cultural Tourism Group Co., Ltd, a subsidiary of the Company.

The term loan was fully drawdown in January 2020 and was repaid in full in December 2020.

**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.**

	<b>12 Months Ended</b>	
	<b>30/06/2021</b>	<b>30/06/2020</b>
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Net loss	(5,056)	(6,962)
Adjustments for:		
- Income tax credit	(15)	(13)
- Interest expense on bank borrowings	398	37
- Interest expense on lease liabilities	27	41
- Interest income from bank deposits	(4)	(6)
- Dividend income	(72)	(244)
- Depreciation of property, plant and equipment	1,589	1,272
- Amortisation of intangible assets	8	10
- Unrealised currency transaction differences	(1,343)	(32)
	<u>(4,468)</u>	<u>(5,897)</u>
Changes in working capital:		
- Development properties	(1,315)	(1,345)
- Trade and other receivables	(863)	4
- Financial assets, at FVPL	557	4,430
- Inventories	7	(183)
- Other current assets	44	609
- Trade and other payables	278	1,040
	<u>(5,760)</u>	<u>(1,342)</u>
Cash used in operations	(5,760)	(1,342)
Income tax (paid)/refunded, net	(1)	1
Interest received	4	6
	<u>(5,757)</u>	<u>(1,335)</u>
<b>Net cash used in operating activities</b>		
<b>Cash flows from investing activities</b>		
- Additions to property, plant and equipment	(11)	(8,235)
- Additions to intangible assets	-	(37)
- Dividend received	72	244
	<u>61</u>	<u>(8,028)</u>
<b>Net cash provided by/(used in) investing activities</b>		
<b>Cash flows from financing activities</b>		
- Proceeds from issuance of new shares pursuant to exercise of warrants	5	-
- Drawdown of bank borrowings	6,096	6,966
- Repayment of bank borrowings	(2,024)	-
- Interest paid for bank borrowings	(398)	(37)
- Interest paid for lease liabilities	(27)	(41)
- Principal repayment of lease liabilities	(438)	(383)
	<u>3,214</u>	<u>6,505</u>
<b>Net cash provided by financing activities</b>		
<b>Net decrease in cash and cash equivalents</b>		
	(2,482)	(2,858)
<b>Cash and cash equivalents</b>		
Beginning of financial year	4,030	6,874
Effects of currency translation on cash and cash equivalents	(11)	14
	<u>1,537</u>	<u>4,030</u>
<b>End of financial year</b>		

**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 →				Non-controlling interests	Total	
	Share capital	Foreign currency translation reserve	Fair value reserve	Accumulated losses			Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
<b>Group</b>							
<b>2021</b>							
Balance as at 1 July 2020	195,733	(17,055)	(4,000)	(130,285)	44,393	6,808	51,201
Total comprehensive income/(loss) for the financial year	-	935	(2,000)	(3,781)	(4,846)	(916)	(5,762)
Issuance of new ordinary shares pursuant to exercise of warrants	5	-	-	-	5	-	5
Effect of dilution in non-controlling interests	-	(13)	-	(178)	(191)	191	-
Balance as at 30 June 2021	<u>195,738</u>	<u>(16,133)</u>	<u>(6,000)</u>	<u>(134,244)</u>	<u>39,361</u>	<u>6,083</u>	<u>45,444</u>
<b>2020</b>							
Balance as at 1 July 2019	195,733	(17,067)	(4,000)	(124,397)	50,269	7,877	58,146
Total comprehensive income/(loss) for the financial year	-	12	-	(5,888)	(5,876)	(1,069)	(6,945)
Balance as at 30 June 2020	<u>195,733</u>	<u>(17,055)</u>	<u>(4,000)</u>	<u>(130,285)</u>	<u>44,393</u>	<u>6,808</u>	<u>51,201</u>

	<b>Share capital</b> S\$'000	<b>Foreign currency translation reserve</b> S\$'000	<b>Fair value reserve</b> S\$'000	<b>Accumulated losses</b> S\$'000	<b>Total equity</b> S\$'000
<b>Company</b>					
<b>2021</b>					
Balance as at 1 July 2020	195,733	(15,939)	(4,000)	(124,471)	51,323
Total comprehensive loss for the financial year	-	-	(2,000)	(479)	(2,479)
Issuance of new ordinary shares pursuant to exercise of warrants	5	-	-	-	5
Balance as at 30 June 2021	<u>195,738</u>	<u>(15,939)</u>	<u>(6,000)</u>	<u>(124,950)</u>	<u>48,849</u>
<b>2020</b>					
Balance as at 1 July 2019	195,733	(15,939)	(4,000)	(122,179)	53,615
Total comprehensive loss for the financial year	-	-	-	(2,292)	(2,292)
Balance as at 30 June 2020	<u>195,733</u>	<u>(15,939)</u>	<u>(4,000)</u>	<u>(124,471)</u>	<u>51,323</u>

## Notes to the condensed interim consolidated financial statements

### N1. Corporate information

Asia-Pacific Strategic Investments Limited (the “Company”) was incorporated as a public company limited by shares, in Singapore on 6 July 2006 and is listed on the Catalist Board of Singapore Exchange Securities Trading Limited (“SGX-ST”) on 31 August 2007. These condensed interim consolidated financial statements as at and for the second half and full year ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal place of operation is at 1 Scotts Road, #20-07 Shaw Centre, Singapore 228208 and the registered office is at 8 Robinson Road, #03-00 ASO Building, Singapore 048544.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary corporations are real estate developer and provision of hotel management and hospitality services.

### N2. Basis of preparation

The condensed interim financial statements for the second half and full year ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.



### **N2.1. New and amended standards adopted by the Group**

A number of amendments to standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

### **N2.2. Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are included in the following notes:

- Note 6 – Impairment of property, plant and equipment
- Note 7 – Net realisable value of development properties
- Note 8 – Impairment of trade and other receivables.

### **N2.2. Going concern**

The Group incurred a total loss of S\$5,056,000 (FY20: S\$6,962,000) and net operating cash outflows of S\$5,757,000 (FY20: S\$1,335,000) for the full year ended 30 June 2021. As at 30 June 2021, excluding the value added tax receivables of S\$1,946,000 and prepayments of S\$1,555,000, the Group has a negative working capital of S\$1,392,000. These circumstances give rise to uncertainty on the Group's ability to continue as going concern and whether the use of going concern assumption in the preparation of the condensed interim financial statements for the second half and full year ended 30 June 2021 is appropriate.

The Board of Directors of the Company believes that the use of the going concern assumption in the preparation of the condensed interim financial statements for the second half and full year ended 30 June 2021 is appropriate after taking into consideration the following assumptions:

- (a) included in the current trade and other payables are accrued construction cost of S\$3,087,000 (the "Accrued Construction Cost"). The Group is still negotiating with the contractors to finalise the final contract sums and it is expected that the payment of Accrued Construction Cost will be delayed beyond 12 months from 30 June 2021; and
- (b) the Group is exploring various fund raising options to fund the working capital and growth of the Group going forward including the construction of development properties.

### **N3. Seasonal operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

**N4. Related party transactions**

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

**N5. Financial assets and financial liabilities**

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 30 June 2021 and 30 June 2020:

	<b>Group</b>		<b>Company</b>	
	<b>30/06/2021</b>	<b>30/06/2020</b>	<b>30/06/2021</b>	<b>30/06/2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Financial assets</b>				
Financial assets, at FVPL	2,824	3,381	2,824	3,381
Financial assets, at FVOCI	-*	2,000	-*	2,000
Financial assets at amortised cost	<u>14,623</u>	<u>15,576</u>	<u>25,917</u>	<u>27,601</u>
	<u>17,447</u>	<u>20,957</u>	<u>28,741</u>	<u>32,982</u>
<b>Financial liabilities</b>				
Financial liabilities at amortised cost	<u>16,881</u>	<u>12,324</u>	<u>5,586</u>	<u>5,475</u>

\* Less than S\$1,000

**N6. Impairment of property, plant and equipment**

Management assesses the recoverable amounts of property, plant and equipment based on the higher of fair value less costs to sell and the value-in-use calculations. Cash flow projections used in value-in-use calculations were based on financial budgets approved by management covering a three-year period. The key assumptions used for value-in-use calculations include growth rate, inflation rate and pre-tax discount rate which required considerable amount of judgement.

As at 30 June 2021, the carrying amount of property, plant and equipment is S\$30,027,000 (2020: S\$29,780,000).

**N7. Net realisable value of development properties**

In determining whether allowances should be made for the development properties, the Group takes into consideration the principal situations in which net realisable value is likely to be less than the cost in accordance to SFRS(I) 1-2 *Inventories*. An allowance is made if the net realisable value is less than the carrying amount. No allowance was required for the development properties as the Group has assessed that there was no triggering event that the principal situation in which the net realisable value is likely to be less than the carrying amount.

As at 30 June 2021, the carrying amount of development properties of the Group is S\$13,642,000 (2020: S\$11,642,000).

**N8. Impairment of trade and other receivables***Trade receivables*

The Group uses a provision matrix to measure the lifetime expected credit loss (“ECL”) allowance for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

As at 30 June 2021, the carrying amount of the Group's trade receivables before impairment loss is S\$19,000 (2020: S\$193,000).

#### *Other receivables*

The Group measures ECL for other receivables using general approach. Under the general approach, the loss allowance is measure at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The assessment of the correlation between historically observed default rates and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances. The Group's historical credit loss experience may also not be representative of customer's actual default in the future.

As at 30 June 2021, the carrying amount of the Group's other receivables before impairment loss is S\$12,977,000 (2020: S\$13,171,000).

#### **N9. Fair value of financial assets, at FVOCI**

The financial assets, at FVOCI represent 22.3% equity interest of a company that is engaged in mineral mining industry. As there is no progression in the development of the mineral mines and in view of the lapse of the proposed disposal, management has assessed that there is no realisable value of this investment as at the end of financial year, accordingly, the fair value of the financial assets, at FVOCI was adjusted to a nominal value of S\$1 as at 30 June 2021.

**1(d)(ii) Details of any changes in the company’s share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 immediately preceding financial year.**

There is no change in the Company’s share capital since the end of the previous reported period.

The Company did not have any treasury shares or subsidiary holdings as at 30 June 2021 and 30 June 2020.

The number of shares that may be issued on conversion of the Company’s outstanding warrants as at the end of the current financial period reported on and at the end of the corresponding period of the immediately preceding financial year:

	<b>30/06/2021</b>	<b>30/06/2020</b>
- Warrants expired on 19 November 2020 (“W201119”)	-	4,443,277,094
- Warrants expiring on 30 January 2023 (“W230130”)	10,008,570,063	10,008,570,063
- Warrants expiring on 26 July 2023 (“W230726”)	<u>6,145,168,199</u>	<u>6,145,168,199</u>
	<u>16,153,738,262</u>	<u>20,597,015,356</u>

**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 immediately preceding year.**

	<b>30/06/2021</b>	<b>30/06/2020</b>
Total number of issued shares excluding treasury shares	<u>17,825,747,028</u>	<u>17,824,183,658</u>

**1(d)(iv) A statement showing all sales, transfers, 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, 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, a statement on whether there are any qualifications, disclaimer of opinion, adverse opinion or emphasis of matter (including material uncertainties on going concern).**

Not applicable.

- 3A. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

- (a) **Updates on the efforts taken to resolve each outstanding audit issue.**  
 (b) **Confirmation from the board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable. The latest financial statements for the financial year ended 30 June 2020 do not have any adverse opinion, qualified opinion or disclaimer of opinion.

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 to the audited financial statements for the financial year ended 30 June 2020, 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 SFRS(I) and Interpretation of SFRS(I) ("SFRS(I) INT") that are relevant to its operations and effective from annual periods beginning on or after 1 July 2020. The adoption of the new/revised SFRS(I) and SFRS(I) INT 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.**

- (a) **based on the weighted average number of ordinary shares on issue; and**  
 (b) **on a fully diluted basis (detailing any adjustments made to the earnings).**

	6 Months Ended		12 Months Ended	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
Net loss attributable to equity holders of the Company (S\$'000)	<u>(2,885)</u>	<u>(2,580)</u>	<u>(3,781)</u>	<u>(5,888)</u>
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	<u>17,825,747</u>	<u>17,824,184</u>	<u>17,825,143</u>	<u>17,824,184</u>
Basic loss per share (cents per share)	<u>(0.02)</u>	<u>(0.01)</u>	<u>(0.02)</u>	<u>(0.03)</u>

As the Group was making losses for the financial years ended 30 June 2021 and 30 June 2020, 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 the total number of issued shares 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	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
Net asset value per ordinary share (cents per share)	<u>0.2</u>	<u>0.2</u>	<u>0.3</u>	<u>0.3</u>

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**

**2HFY21 vs 2HFY20**

*Revenue and gross profit*

The Group reported higher revenue of S\$631,000 in 2HFY21 as compared with the S\$351,000 recorded in 2HFY20. The increase was due mainly to higher monthly revenue from hotel operations in 2HFY21 as compared with 2HFY20, which was adversely impacted by the COVID-19 pandemic.

The Group's gross profit increased to S\$460,000 in 2HFY21. This was in line with the higher revenue from the hotel operations as mentioned above. The Group's gross profit margin improved to 73% in 2HFY21 as compared to 39% in 2HFY20. This was mainly due to lower than 1% revenue being generated from real estate agency business in 2HFY21 as compared to 24% in 2HFY20. The average gross profit margin for commission income from real estate agency business is less than 10%. The Group has ceased the business of real estate agency in April 2019.

*Other gains/(losses), net*

The other losses reported in 2HFY21 was attributable mainly to a higher fair value loss on financial assets, at FVPL of S\$1.1 million and lower write-back of commission payables of S\$122,000. These were partially offset by higher foreign exchange gain of S\$621,000 and lower bad debts written-off of S\$122,000.

*Distribution and marketing expenses*

The increase in distribution and marketing expenses was attributable mainly to higher marketing activities carried out during 2HFY21.

*Administrative expenses*

The decrease in administrative expenses was attributable mainly to lower headcount for the administrative department.

### *Finance expenses*

The higher finance expenses in 2HFY21 was due mainly to more term loans drawdown during the financial period.

### *Net loss*

The Group reported a net loss of S\$3.5 million in 2HFY21 as compared with the net loss of S\$3.3 million posted in 2HFY20. The higher net loss was due mainly to the higher other losses and finance expenses, partly offset by higher revenue and lower administrative expenses as mentioned above.

### **FY21 vs FY20**

#### *Revenue and gross profit*

The Group reported higher revenue of S\$1.2 million in FY21 as compared with the S\$625,000 recorded in FY20. The increase was a combination of higher monthly revenue from hotel operations and the 12-month revenue being recorded in FY21, as compared with the 10-month revenue being recorded in FY20. In addition, the hotel operations in FY20 was adversely impacted by the COVID-19 pandemic.

The Group's gross profit increased by S\$640,000 to S\$865,000 in FY21. This was in line with the higher revenue from the hotel operations as mentioned above. The Group's gross profit margin improved to 72% in FY21 as compared to 36% in FY20. This was mainly due to lower than 1% revenue being generated from real estate agency business in FY21 as compared to 23% in FY20.

#### *Other gains/(losses), net*

The other gains reported in FY21 was attributable mainly to a higher foreign exchange gain of S\$1.3 million (as compared to a foreign exchange gain of S\$37,000 in FY20), lower loss of disposal of financial assets, at FVPL of S\$84,000 (as compared to a loss on disposal of financial assets, at FVPL of S\$455,000 in FY20) and lower bad debts written-off of S\$125,000. These were partially offset by higher fair value loss on financial assets, at FVPL of S\$1.1 million, lower dividend income of S\$72,000 and lower write-back of commission payables of S\$122,000.

#### *Distribution and marketing expenses*

The decrease in distribution and marketing expenses was attributable mainly to lower headcount for the marketing department.

### *Finance expenses*

The higher finance expenses in FY21 was due mainly to more term loans drawdown during the financial year.

### *Net loss*

The Group reported a net loss of S\$5.1 million in FY21 as compared with the net loss of S\$7.0 million posted in FY20. The lower net loss was due mainly to the higher revenue and higher other gains as mentioned above.

## **B. Review of Financial Position**

The Group

### *Cash and cash equivalents*

The decrease in cash and cash equivalents was due mainly to cash outflows of S\$5.8 million in operating activities as the Group incurred a loss in FY21. This was partly offset by net drawdown of bank borrowings amounting to S\$4.1 million.

### *Financial assets, at FVPL*

The Group's financial assets, at FVPL, consist mainly of shares quoted on Bursa Malaysia. The decrease in financial assets was due mainly to the disposal of quoted shares and fair value loss resulting from the decrease in quoted price.

### *Trade and other receivables*

Included in current trade and other receivables as at FY20 is an amount due from non-related party – District Government of Nanxun District, Huzhou City, Zhejiang Province, PRC of S\$10.0 million represents reimbursement of infrastructure expenditure incurred by the Group (the “Reimbursement Amount”). The Reimbursement Amount will be offset against the cost of acquisition of the development land in future.

In FY21, the Group is revising the master development plan of the project and the acquisition of development land will not happen in the next 12 months. As such, the Group reclassified the Reimbursement Amount from current assets to non-current assets as the Group assessed that these amounts will be receivable after 12 months from the balance sheet date. Other than that, the overall increase in trade and other receivables was attributable mainly to higher other receivables and input tax as at the end of FY21.

### *Development properties*

The increase in development properties was due mainly to additional development expenditure incurred in FY21.

### *Trade and other payables*

The higher trade and other payables in FY21 was due to higher accrued operating expenses in respect of directors' fees and professional fees.

### *Borrowings*

The increase in the Group's borrowings was due mainly to the drawdown of the RMB30.0 million term loan, offset by a repayment of the RMB10.0 million term loan during the financial year.

The Company

### *Cash and cash equivalents*

The decrease in cash and cash equivalents was due mainly to cash outflows from operating activities as the Company incurred a loss in FY21 and an additional investment of RMB10.0 million in the registered capital of a subsidiary corporation in the PRC. The decrease was partially offset by the repayment of an amount due from a subsidiary corporation amounting to RMB12.0 million.

### *Financial assets, at FVPL*

The decrease in financial assets was due mainly to the disposal of quoted shares and fair value loss as a result of a decrease in the quoted price.



#### *Trade and other receivables*

The amount due from subsidiary corporations which was classified as non-current assets in the previous financial year was classified as current assets as at FY21. This amount is due within the next 12 month from the balance sheet date.

#### *Investment in subsidiary corporations*

The increase in investment in subsidiary corporations was due mainly to an additional investment of RMB10.0 million in the registered capital of a subsidiary corporation in the PRC.

#### *Property, plant and equipment*

The decrease in property, plant and equipment was due mainly to the depreciation expense.

#### *Trade and other payables*

The increase in trade and other payables was due mainly to the higher accrued operating expenses in respect of directors' fees and professional fees.

### **C. Review of Cash Flow**

In FY21, the Group recorded a decrease of S\$2.5 million in cash and cash equivalents. The decrease was due mainly to net cash used in operating activities of S\$5.8 million. The cash outflow resulted from the operating loss of S\$4.5 million and the net decrease in working capital of S\$1.2 million.

The decrease was partly offset by the net cash provided by financing activities of S\$3.2 million. This was due mainly to the net drawdown of the RMB20.0 million (approximately S\$4.0 million) from term loans during the financial year.

#### **9. Where a forecast, or prospect statement, has been previously disclosed to shareholders, any variances between it and 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.**

The COVID-19 pandemic continues to evolve, with new COVID-19 variants reported globally. In July 2021, thousands of locally transmitted COVID-19 cases were reported in the PRC. This has caused the PRC municipal governments to impose stricter measures to contain the spread of the COVID-19 infections, and these measures have impacted the hospitality industry adversely. As a result, the Group experienced cancellation of room and food & beverages bookings in August 2021. The Group expects the COVID-19 pandemic to continue to negatively impact the Group's hospitality business.

As for the residential and commercial development in Huzhou, the Group has revised and presented the master development plan to the relevant local government agencies in April 2021. The Group received positive feedbacks from the local government agencies on the revised master development plan. As Huzhou City is currently preparing the *Huzhou City National Land and Space 2020 – 2035* (the "15-year Plan"), the Group will further revise the master development plan to comply with the requirement of the 15-year Plan once it is finalised and published.

**11. If a decision regarding dividend has been made:**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No dividend for the current financial year reported on has been declared (recommended).

**(b) (i) Amount per share ..... cents  
(ii) Previous corresponding period ..... cents**

Not applicable.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net tax, state the tax rate and the country where dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable.**

Not applicable.

**(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend determined.**

Not applicable.

**12. If no dividend has been declared (recommended), a statement to the effect and the reason(s) for the decision.**

No dividend has been declared for the year ended 30 June 2021 because of losses incurred during the financial year and the financial position of the Company.

**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 financial year ended 30 June 2021.

**14. Negative confirmation pursuant to Rule 705(5) (not required for announcement on full year results).**

Not applicable.

**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).

**PART II ADDITIONAL INFORMATION REQUIRED FOR FULL-YEAR ANNOUNCEMENT**

**16. Segmented revenue and results for operating segments (or the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

The Group is organised into business units based on both geography and business segment. For FY21, the Group had three reportable operating segments: investment, real estate development and hospitality.

**For 12 Months Ended 30 June 2021**

	Singapore	← PRC →	Hospitality S\$'000	Total S\$'000
	Investment S\$'000	Real estate development S\$'000		
<b>Group</b>				
Revenue from external parties	8	-	1,190	1,198
Gross profit	1	-	864	865
Other gains/(losses), net				
- Interest income from bank deposits	-	1	3	4
- Others	362	231	33	626
Distribution and marketing expenses	-	-	(376)	(376)
Administrative expenses	(2,387)	(555)	(2,823)	(5,765)
Finance expenses	(145)	(2)	(278)	(425)
Loss before income tax	(2,169)	(325)	(2,577)	(5,071)
Income tax (expense)/credit	(1)	-	16	15
Net loss	(2,170)	(325)	(2,561)	(5,056)
Depreciation	367	41	1,181	1,589
Amortisation	-	-	8	8
Segment assets	3,976	23,552	35,386	62,914
Segment assets include				
Additions to:				
- Property, plant and equipment	2	1	8	11
Segment liabilities	5,601	1,231	10,638	17,470

**For 12 Months Ended 30 June 2020**

<b>Group</b>	<b>← Singapore →</b>		<b>← PRC →</b>		<b>Total</b> S\$'000
	<b>Investment</b> S\$'000	<b>Real estate agency</b> S\$'000	<b>Real estate development</b> S\$'000	<b>Hospitality</b> S\$'000	
Revenue from external parties	-	146	-	479	625
Gross profit	-	8	-	217	225
Other gains/(losses), net					
- Interest income from bank deposits	1	-	4	1	6
- Impairment loss on financial assets at amortised cost	-	(16)	-	-	(16)
- Others	(574)	185	78	32	(279)
Distribution and marketing expenses	-	(2)	-	(429)	(431)
Administrative expenses	(2,332)	(59)	(1,736)	(2,275)	(6,402)
Finance expenses	(37)	-	-	(41)	(78)
(Loss)/profit before income tax	(2,942)	116	(1,654)	(2,495)	(6,975)
Income tax credit	2	-	-	11	13
Net (loss)/profit	(2,940)	116	(1,654)	(2,484)	(6,962)
Depreciation	387	2	25	858	1,272
Amortisation	-	-	-	10	10
Segment assets	9,252	122	22,653	32,091	64,118
Segment assets include Additions to:					
- Property, plant and equipment	4	1	2	8,293	8,300
- Intangible assets	-	-	-	37	37
Segment liabilities	5,491	160	1,202	6,064	12,917

**For 6 Months Ended 30 June 2021**

	← Singapore	← PRC	→	
	Investment S\$'000	Real estate development S\$'000	Hospitality S\$'000	
<b>Group</b>				
Revenue from external parties	-	-	631	631
Gross profit	-	-	460	460
Other gains/(losses), net				
- Interest income from bank deposits	-	-	3	3
- Others	(461)	73	18	(370)
Distribution and marketing expenses	-	-	(200)	(200)
Administrative expenses	(1,282)	(248)	(1,533)	(3,063)
Finance expenses	(71)	(1)	(230)	(302)
Loss before income tax	(1,814)	(176)	(1,482)	(3,472)
Income tax (expense)/credit	(1)	-	8	7
Net loss	(1,815)	(176)	(1,474)	(3,465)
Depreciation	181	21	597	799
Amortisation	-	-	4	4

**For 6 months ended 30 June 2020**

	← Singapore	← PRC	→		
	Investment S\$'000	Real estate agency S\$'000	Real estate development S\$'000		Hospitality S\$'000
<b>Group</b>					
Revenue from external parties	-	85	-	266	351
Gross (loss)/profit	-	(1)	-	137	136
Other gains/(losses), net					
- Interest income from bank deposits	-	-	2	-	2
- Impairment loss on financial assets at amortised cost	-	(16)	-	-	(16)
- Others	33	183	34	13	263
Distribution and marketing expenses	-	-	-	(147)	(147)
Administrative expenses	(1,083)	(23)	(912)	(1,493)	(3,511)
Finance expenses	(17)	-	-	(41)	(58)
(Loss)/profit before income tax	(1,067)	143	(876)	(1,531)	(3,331)
Income tax credit	-	-	-	12	12
Net (loss)/profit	(1,067)	143	(876)	(1,519)	(3,319)
Depreciation	194	1	11	824	1,030
Amortisation	-	-	-	10	10
Other information					
Additions to:					
- Property, plant and equipment	-	-	1	3,671	3,672

**17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by operating segments.**

Please refer to Section 8 for a review of the Group's performance.

**18. A breakdown of sales**

	Latest financial year S\$'000	Previous financial year S\$'000	Increase/ (decrease) %
(a) Sales reported for first half-year	567	274	106.9
(b) Operating loss after tax before deducting non-controlling interests reported for first half-year	(1,591)	(3,643)	(56.3)
(c) Sales reported for second half-year	631	351	79.8
(d) Operating loss after tax before deducting non-controlling interests reported for second half-year	(3,465)	(3,319)	4.4

**19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-**

- (a) Ordinary
- (b) Preference
- (c) Total

Not applicable. There is no annual dividend declared or recommended in the financial year ended 30 June 2021 and 30 June 2020.

**20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>

There are no persons occupying managerial positions in the Company or any of its principal subsidiary corporations who are relatives of a director or chief executive officer or substantial shareholder of the Company.

**PART III INTERESTED PERSON TRANSACTIONS, ACQUISITION OF SHARES OR SALE OF SHARES IN SUBSIDIARY OR ASSOCIATED COMPANY AND WHITE WASH WAIVER**

- 21. The aggregate value of transactions conducted pursuant to the general mandate for the financial periods which it is required to report on pursuant to Rule 705 within the time required for the announcement of such report. The disclosure must be in the form set out in Rule 907.**

There were no interested person transactions, as defined in Chapter 9 of the Listing Manual Section B: Rules of Catalyst of the Singapore Exchange Securities Trading Limited, entered into by the Group or by the Company during the financial year ended 30 June 2021.

The Company does not have a general mandate from shareholders for interested person transactions.

- 22. Disclosure on Incorporation of Entities, Acquisition and Realisation of Shares pursuant to Catalyst Rule 706A**

During the 2HFY21, the Company invested an additional RMB10.0 million in the registered share capital of its subsidiary in China, Zhongfang Lianhe Grand Canal Cultural Tourism Group Co., Ltd (中房联合大运河文化旅游集团有限公司, the “**Grand Canal Group**”). Following the additional investment, the equity interests of the Company in Grand Canal Group has increased from 72% to 76.7% and the remaining equity interests is held by 中房联合置业集团有限公司.

The additional investment amount of RMB10.0 million was determined after taking into consideration the working capital requirements of Grand Canal Group. The investment amount was fully paid in cash and is funded through the Group’s internal resources. The net asset value represented by every 1% equity interest in Grand Canal Group is S\$44,000. The investment did not have any material impact on the net tangible assets and earnings per share of the Group for the current finance year ended 30 June 2021.

This above additional investment in the registered capital of the subsidiary was announced by the Company on 26 March 2021.

Save as disclosed above, there were no other incorporation of new entities, acquisitions and realisation of shares during the 2HFY21.

- 23. 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 (the “2017 Circular”).

In connection with the Rights cum Warrants Issue (as defined in the 2017 Circular), the Securities Industry Council of Singapore (the “SIC”) had on 6 November 2017 waived the obligation under Rule 14 of the Singapore Code on Take-overs and Mergers (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 (as defined in the 2017 Circular) pursuant to the Sub-underwriting Commitment (as defined in the 2017 Circular) or Rights cum Warrants Issue,
- (b) the exercise of Warrants (as defined in the 2017 Circular) subscribed for pursuant to the Sub-underwriting Commitment or Rights cum Warrants Issue, or

- (c) the exercise of Adjustment Warrants (as defined in the 2017 Circular),  
(the “Whitewash Waiver”).

Disclosure Note required under the Code

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 (as defined in the 2017 Circular). 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 (as defined in the 2017 Circular) arising from the exercise of the Rights cum Warrants Issue and/or the Adjustment Warrant Shares (as defined in the 2017 Circular) 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) based on the latest available information, the Concert Party Group holds in aggregate:
- (i) 6,669,033,775 Shares representing 37.41% of the voting rights in the capital of the Company; and
- (ii) 5,228,472,227 Warrants and 2,197,820,126 warrants expiring on 23 July 2023 (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) exercise their Convertibles in full is 55.82% (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**  
**Chief Operating Officer**  
**26 August 2021**

*This document 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.*

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