

ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED

(Company Reg. No. 200609901H)

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	6 Months Ended		Increase/ (decrease)
	31/12/2022	31/12/2021	%
	S\$'000	S\$'000	%
		(Re-presented)	
Continuing operations			
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit	-	-	-
Other gains/(loss), net			
- Interest income from bank deposits	1	1	-
- Others	(1,830)	438	n.m.
Expenses			
- Administrative	(1,846)	(1,366)	35.1
- Finance	(338)	(310)	9.0
Loss before income tax	(4,013)	(1,237)	224.4
Income tax credit	-	15	n.m.
Loss from continuing operations	(4,013)	(1,222)	228.4
Discontinued operations			
Loss from discontinued operations	(375)	(1,154)	(67.5)
Total loss	(4,388)	(2,376)	84.7
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
- Currency translation (loss)/gain arising from consolidation	(937)	269	n.m.
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
- Currency translation (loss)/gain arising from consolidation	(337)	96	n.m.
Other comprehensive (loss)/income, net of tax	(1,274)	365	n.m.
Total comprehensive loss	(5,662)	(2,011)	181.6

n.m. = Not meaningful.

	6 Months Ended		Increase/ (decrease)
	31/12/2022	31/12/2021	%
	S\$'000	S\$'000	
		(Re-presented)	
Loss attributable to:			
Equity holders of the Company	(3,985)	(1,782)	123.6
Non-controlling interests	<u>(403)</u>	<u>(594)</u>	(32.2)
	<u>(4,388)</u>	<u>(2,376)</u>	84.7
Loss attributable to equity holders of the Company relates to:			
Loss from continuing operations	(3,691)	(880)	319.4
Loss from discontinued operations	<u>(294)</u>	<u>(902)</u>	(67.4)
	<u>(3,985)</u>	<u>(1,782)</u>	123.6
Total comprehensive loss attributable to:			
Equity holders of the Company	(4,922)	(1,513)	225.3
Non-controlling interests	<u>(740)</u>	<u>(498)</u>	48.6
	<u>(5,662)</u>	<u>(2,011)</u>	181.6
Loss per share for loss of the period from continuing and discontinued operations attributable to equity holders of the Company:			
Basic and diluted loss per share (SGD cents per share):			
From continuing operations	(0.02)	(0.005)	
From discontinued operations	<u>(0.002)</u>	<u>(0.005)</u>	

B. Condensed interim statements of financial position

	Group		Company	
	31/12/2022	30/06/2022	31/12/2022	30/06/2022
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	1,081	961	49	291
Trade and other receivables	1,195	1,397	25,163	26,485
Inventories	-	10	-	-
Other current assets	1,551	1,678	127	116
Financial assets, at FVOCI	_*	_*	_*	_*
	<u>3,827</u>	<u>4,046</u>	<u>25,339</u>	<u>26,892</u>
Assets of disposal group classified as held-for-sale	<u>14,860</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>18,687</u>	<u>4,046</u>	<u>25,339</u>	<u>26,892</u>
Non-current assets				
Trade and other receivables	9,270	9,971	-	-
Development properties	13,779	14,843	-	-
Investment in subsidiary corporations	-	-	26,861	26,812
Property, plant and equipment	145	17,102	113	24
	<u>23,194</u>	<u>41,916</u>	<u>26,974</u>	<u>26,836</u>
Total assets	<u>41,881</u>	<u>45,962</u>	<u>52,313</u>	<u>53,728</u>
LIABILITIES				
Current liabilities				
Trade and other payables	15,716	7,795	3,803	1,794
Borrowings	1,339	1,718	1,339	1,334
Provision for reinstatement costs	50	50	50	50
	<u>17,105</u>	<u>9,563</u>	<u>5,192</u>	<u>3,178</u>
Liabilities directly associated with disposal group classified as held-for-sale	<u>771</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>17,876</u>	<u>9,563</u>	<u>5,192</u>	<u>3,178</u>
Non-current liabilities				
Borrowings	1,944	8,118	1,944	2,479
Deferred income tax liabilities	-	558	-	-
	<u>1,944</u>	<u>8,676</u>	<u>1,944</u>	<u>2,479</u>
Total liabilities	<u>19,820</u>	<u>18,239</u>	<u>7,136</u>	<u>5,657</u>
Net assets	<u>22,061</u>	<u>27,723</u>	<u>45,177</u>	<u>48,071</u>

* Less than S\$1,000

	Group		Company	
	31/12/2022	30/06/2022	31/12/2022	30/06/2022
	S\$'000	S\$'000	S\$'000	S\$'000
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	195,738	195,738	195,738	195,738
Foreign currency translation reserve	(17,095)	(16,158)	(15,939)	(15,939)
Fair value reserve	(6,000)	(6,000)	(6,000)	(6,000)
Accumulated losses	<u>(152,315)</u>	<u>(148,311)</u>	<u>(128,622)</u>	<u>(125,728)</u>
	20,328	25,269	45,177	48,071
Non-controlling interests	<u>1,733</u>	<u>2,454</u>	<u>-</u>	<u>-</u>
Total equity	<u>22,061</u>	<u>27,723</u>	<u>45,177</u>	<u>48,071</u>

C. Condensed interim statements of changes in equity

	← Attributable to equity holders of the Company →				Non- controlling interests	Total	
	Share capital S\$'000	Foreign currency translation reserve S\$'000	Fair value reserve S\$'000	Accumulated losses S\$'000			Total S\$'000
Group							
Half-year ended 31 December 2022							
Balance as at 1 July 2022	195,738	(16,158)	(6,000)	(148,311)	25,269	2,454	27,723
Total comprehensive loss for the financial period	-	(937)	-	(3,985)	(4,922)	(740)	(5,662)
Effect of dilution in non-controlling interests	-	-	-	(19)	(19)	19	-
Balance as at 31 December 2022	<u>195,738</u>	<u>(17,095)</u>	<u>(6,000)</u>	<u>(152,315)</u>	<u>20,328</u>	<u>1,733</u>	<u>22,061</u>
Half-year ended 31 December 2021							
Balance as at 1 July 2021	195,738	(16,133)	(6,000)	(134,244)	39,361	6,083	45,444
Total comprehensive income/(loss) for the financial period	-	269	-	(1,782)	(1,513)	(498)	(2,011)
Effect of dilution in non-controlling interests	-	(3)	-	(106)	(109)	109	-
Balance as at 31 December 2021	<u>195,738</u>	<u>(15,867)</u>	<u>(6,000)</u>	<u>(136,132)</u>	<u>37,739</u>	<u>5,694</u>	<u>43,433</u>

Company	Share capital S\$'000	Foreign currency translation reserve S\$'000	Fair value reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Half-year ended 31 December 2022					
Balance as at 1 July 2022	195,738	(15,939)	(6,000)	(125,728)	48,071
Total comprehensive loss for the financial period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,894)</u>	<u>(2,894)</u>
Balance as at 31 December 2022	<u>195,738</u>	<u>(15,939)</u>	<u>(6,000)</u>	<u>(128,622)</u>	<u>45,177</u>
Half-year ended 31 December 2021					
Balance as at 1 July 2021	195,738	(15,939)	(6,000)	(124,950)	48,849
Total comprehensive loss for the financial period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(127)</u>	<u>(127)</u>
Balance as at 31 December 2021	<u>195,738</u>	<u>(15,939)</u>	<u>(6,000)</u>	<u>(125,077)</u>	<u>48,722</u>

D. Condensed interim consolidated statement of cash flows

	6 Months Ended	
	31/12/2022	31/12/2021
	S\$'000	S\$'000
Cash flows from operating activities		
Net loss	(4,388)	(2,376)
Adjustments for:		
- Income tax credit	(8)	(23)
- Interest expense on bank borrowings	258	298
- Interest expense on other payables	78	-
- Interest expense on lease liabilities	6	13
- Interest income from bank deposits	(1)	(1)
- Depreciation of property, plant and equipment	306	806
- Gain on lease modification	(5)	-
- Dividend income	-	(33)
- Amortisation of intangible assets	-	8
- Fair value loss on financial assets, at FVPL	-	101
- Loss on disposal of financial assets, at FVPL	-	76
- Write-off of intangible assets	-	13
- Unrealised currency transaction differences	1,873	(470)
	<u>(1,881)</u>	<u>(1,588)</u>
Changes in working capital:		
- Development properties	22	-
- Trade and other receivables	79	21
- Financial assets, at FVPL	-	2,647
- Inventories	(6)	170
- Other current assets	(59)	(16)
- Trade and other payables	8,662	(239)
	<u>6,817</u>	<u>995</u>
Cash provided by operations	6,817	995
- Interest received	1	1
	<u>6,818</u>	<u>996</u>
Net cash provided by operating activities	<u>6,818</u>	<u>996</u>
Cash flows from investing activities		
- Additions to property, plant and equipment	-	(1)
- Dividend received	-	33
	<u>-</u>	<u>32</u>
Net cash provided by investing activities	<u>-</u>	<u>32</u>
Cash flows from financing activities		
- Repayment of bank borrowings	(6,318)	(853)
- Interest paid for bank borrowings	(258)	(298)
- Principal repayment of lease liabilities	(45)	(182)
- Interest paid for lease liabilities	(6)	(13)
	<u>(6,627)</u>	<u>(1,346)</u>
Net cash used in financing activities	<u>(6,627)</u>	<u>(1,346)</u>
Net increase/(decrease) in cash and cash equivalents	191	(318)
Cash and cash equivalents		
Beginning of financial period	961	1,537
Effects of currency translation on cash and cash equivalents	(57)	(8)
	<u>1,095</u>	<u>1,211</u>
End of financial period	<u>1,095</u>	<u>1,211</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 six months ended 31 December 2022 comprise the Company and its subsidiary corporations (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 77 Robinson Road, #06-03 Robinson 77, Singapore 068896.

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 six months ended 31 December 2022 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 annual financial statements for the year ended 30 June 2022.

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 N2.1.

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 2022.

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:

- N11 – Estimated impairment of non-financial assets
- N12 – Net realisable value of development properties
- N13 – Impairment of other receivables.

N2.3. Going concern

The Group incurred a net loss of S\$4,388,000 for the six months ended 31 December 2022 (“1HFY23”) (six months ended 31 December 2021 (“1HFY22”): S\$2,376,000). These financial results indicate the existence of material uncertainties on the Group’s and the Company’s ability to continue as going concerns even though the Group is at positive working capital position of S\$811,000 as at 31 December 2023.

Notwithstanding the above mentioned, the Board of Directors has assessed that the going concern basis of preparation for the condensed interim financial statements for the six months ended 31 December 2022 remains appropriate after considering the following:

- (i) As announced on 4 January 2023, the Company’s 78.5%-owned direct subsidiary, Zhongfang Lianhe Grand Canal Culture Tourism Group Co., Ltd (中房联合大运河文化旅游集团有限公司, “Grand Canal”), and Zhejiang Zhongfang Yashe Hotel Management Co., Ltd (浙江中房雅舍酒店管理有限公司, “Yashe”), a 100%-owned subsidiary of Grand Canal, had on 15 December 2022 entered into an equity and asset acquisition agreement (the “Acquisition Agreement”) with Huzhou Hongji Enterprise Management Co., Ltd. (湖州弘基企业管理有限公司, the “Purchaser”) pursuant to which Grand Canal will sell 100% of the issued shares in Yashe (the “Sale Shares”) and Anatole by Landison Hotel Huzhou (the “Hotel”) and related assets (together, the “Hotel Assets”) to the Purchaser for an aggregate consideration of RMB80 million on the terms and conditions of the Acquisition Agreement (the “Proposed Disposal”).

The estimated net proceeds from the Proposed Disposal, after deducting estimated taxes, related professional fees and other associated transaction costs, is approximately RMB70.4 million (S\$13.7 million). The Company intends to utilise 66% of the net proceeds to repay the term loans of the Company and Grand Canal and the remaining 34% towards settlement of existing trade and other creditors and for general working capital purposes.

The Group received RMB40 million, being 50% of the consideration (“the “First Payment”) from the Purchaser in December 2022. As at the date of this results announcement, the Group has utilized approximately RMB38.8 million of the First Payment for the payments of terms loan and interest expense of RMB29.3 million (see N14), value-added-tax in relation to the Proposed Disposal of RMB2.2 million and trade and other creditors and operating expenses of RMB7.3 million. The remaining 50% of the consideration is expected to be received by the end of March 2023.

- (ii) On 26 August 2022, The Group’s Executive Chairman and Chief Executive Officer, Dato’ Dr Choo Yeow Ming (“Dato’ Choo”) undertakes to provide financial support to the Group of up to S\$6 million in order to enable the Group to continue its operations as a going concern for 18 months from 26 August 2022 and to meet its liabilities as and when they fall due. In addition, Dato’ Choo will also not seek repayment of any amount of advances provided to the Company within 18 months from 26 August 2022 until the Company has the ability to make the payment.
- (iii) The Group’s term loan of S\$3.2 million as at 31 December 2022 have been fully drawn down and are fully secured. For details, please refer to N14 below.
- (iv) As announced on 4 November 2022 the Company had on 31 October 2022 entered into a conditional share purchase agreement (the “SPA”) with all of the shareholders (“Sellers”) of Catapult Ventures Pte. Ltd. (“Target Company”, together with its subsidiaries, the “Target Group”) in relation to the proposed acquisition (“Proposed Acquisition”) by the Company of 100% of the issued and paid-up share capital of the Target Company from the Sellers. The Proposed Acquisition, if undertaken and completed, is expected to result in a reverse takeover

of the Company.

The Board believes that the Proposed Acquisition will enhance the long-term interests of the Company and its Shareholders through, *amongst others*, an increase in revenue of the Company by leveraging on the Target Business and that the Proposed Acquisition presents an opportunity for the Company to acquire a business with the potential for growth and to significantly increase the market capitalisation of the Company, with the added benefit of allowing the Company to access better analyst coverage and increased investor interest.

- (v) Based on the next 12-month cash flow projection, the Group will have sufficient cash flow to meet the operating requirements.

The Board confirms that the Group will be able to meet its short-term debt obligations when they fall due based on the implementation of the aforementioned steps and continue to operate as a going concern and confirmed that all material disclosures have been provided for trading of the Company's shares to continue in an orderly manner.

N3. Seasonal operations

The Group's hospitality business may be affected by seasonal or cyclical factors including but not limited to the national holidays, school holidays, festive seasons and the weather conditions.

N4. Segment and revenue information

The Group is organised into business units based on both geography and business segment. For 1HFY23, the Group had three reportable operating segments: investment, real estate development and hospitality.

For 6 months ended 31 December 2022

	Singapore	← PRC →		
	Investment	Real estate	Hospitality	Total
	S\$'000	development	S\$'000	S\$'000
		S\$'000		
Group				
Revenue from external parties	-	-	-	-
Gross profit	-	-	-	-
Other gains/(losses), net				
- Interest income from bank deposits	-	1	-	1
- Others	(1,869)	39	-	(1,830)
Administrative expenses	(1,532)	(314)	-	(1,846)
Finance expenses	(44)	(294)	-	(338)
Loss before income tax	(3,445)	(568)	-	(4,013)
Income tax credit	-	-	-	-
Net loss	(3,445)	(568)	-	(4,013)
Depreciation	(36)	(15)	-	(51)
Segment assets	291	26,730	14,860	41,881
Segment liabilities	7,140	11,909	771	19,820

For 6 months ended 31 December 2021 (Re-presented)

	Singapore	← PRC →	Hospitality S\$'000	Total S\$'000
	Investment S\$'000	Real estate development S\$'000		
Group				
Revenue from external parties	-	-	-	-
Gross profit	-	-	-	-
Other gains, net				
- Interest income from bank deposits	-	1	-	1
- Others	305	133	-	438
Administrative expenses	(956)	(410)	-	(1,366)
Finance expenses	(68)	(242)	-	(310)
Loss before income tax	(719)	(518)	-	(1,237)
Income tax credit	15	-	-	15
Net loss	(704)	(518)	-	(1,222)
Depreciation	186	63	-	249
Segment assets	1,276	23,907	34,926	60,109
Segment assets include				
Additions to:				
- Property, plant and equipment	-	-	1	1
Segment liabilities	4,999	1,180	10,497	16,676

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 31 December 2022 and 30 June 2022:

	Group		Company	
	31/12/2022 S\$'000	30/06/2022 S\$'000	31/12/2022 S\$'000	30/06/2022 S\$'000
Financial assets				
Financial assets, at FVOCI	-*	-*	-*	-*
Financial assets at amortised cost	11,600	12,425	25,380	26,867
	11,600	12,425	25,380	26,867
Financial liabilities				
Financial liabilities at amortised cost	18,999	17,631	7,087	5,607

* Less than S\$1,000

N6. Loss before income tax**N6.1. Significant items**

	6 Months Ended	
	31/12/2022 S\$'000	31/12/2021 S\$'000 (Re-presented)
Interest expenses:		
- Lease liabilities	(2)	(12)
- Bank borrowings	(258)	(298)
- Other payables	(78)	-
Rental income	-	103
Currency exchange (loss)/gain - net	(1,876)	445
Investment income:		
- Fair value loss on financial assets, at FVPL	-	(101)
- Dividend income	-	33
Depreciation and amortisation	(51)	(249)
Loss on disposal of financial assets, at FVPL	-	(76)

N6.2 Related party transactions

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

N7. Income tax credit

	6 Months Ended	
	31/12/2022 S\$'000	31/12/2021 S\$'000 (Re-presented)
Tax credit attributable to loss is made up of:		
Over provision in respect of prior year		
- Current income tax	<u>-</u>	<u>15</u>

N8. Loss per share

	Continuing operations		Discontinued operations		Total	
	6 Months Ended		6 Months Ended		6 Months Ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Net loss attributable to equity holders of the Company (S\$'000)	<u>(3,691)</u>	<u>(880)</u>	<u>(294)</u>	<u>(902)</u>	<u>(3,985)</u>	<u>(1,782)</u>
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	<u>17,825,747</u>	<u>17,825,747</u>	<u>17,825,747</u>	<u>17,825,747</u>	<u>17,825,747</u>	<u>17,825,747</u>
Basic loss per share (SGD cents per share)	<u>(0.02)</u>	<u>(0.005)</u>	<u>(0.002)</u>	<u>(0.005)</u>	<u>(0.02)</u>	<u>(0.01)</u>

As the Group was making losses for the financial periods ended 31 December 2022 and 31 December 2021, the dilutive potential shares from the warrants were anti-dilutive and no changes were made to the diluted loss per share.

N9. Net asset value

	Group		Company	
	31/12/2022	30/06/2022	31/12/2022	30/06/2022
Net asset value per ordinary share (SGD cents per share)	<u>0.1</u>	<u>0.1</u>	<u>0.3</u>	<u>0.3</u>

N10. Property, plant and equipment

In 1HFY23, the Group reclassified property, plant and equipment to disposal group amounting to S\$14,728,000 (see N16(c)). The Group also acquired new lease amounting to S\$125,000 (1HFY22: S\$285,000), incurred depreciation charge of S\$306,000 (1HFY22: S\$806,000) and foreign exchange difference of S\$2.0 million.

N11. Estimated impairment of non-financial assets

Investments in subsidiary corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amounts of these assets have been determined based on the higher of fair value less costs to sell or value-in-use calculations. If the carrying amounts exceed the recoverable amounts, an impairment loss is recognised to profit or loss for the differences.

The carrying amount of investments in subsidiary corporations at the reporting date is S\$26,861,000 (as at 30 June 2022: S\$26,812,000). As at 31 December 2022, no additional impairment was provided as the recoverable amount which was determined by management based on value-in-use was not lower than its carrying amount.

N12. Net realisable value of development properties

The carrying amount of the Group's development properties at the reporting date is S\$13,779,000 (as at 30 June 2022: S\$14,843,000). In determining whether a write-down 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*. A write-down 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.

N13. Impairment of other receivables

As at 31 December 2022, the carrying amount of the Group's other receivables before impairment loss is S\$10,465,000 (as at 30 June 2022: S\$11,368,000).

The Group measures expected credit loss ("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 31 December 2022 and 30 June 2022, the Group and the Company performed an assessment of qualitative and quantitative factors which are indicative of the risk of default (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections, available press information and applying experienced credit judgement) and an assessment of impairment using the 12-month ECL basis on these financial assets. The Group and the Company concluded that the loss allowance provided for other receivables is adequate.

N14. Borrowings

	Group		Company	
	31/12/2022	30/6/2022	31/12/2022	30/6/2022
	S\$'000	S\$'000	S\$'000	S\$'000
<i>Current</i>				
Term loans (secured)	1,234	1,689	1,234	1,315
Lease liabilities (unsecured)	105	29	105	19
	<u>1,339</u>	<u>1,718</u>	<u>1,339</u>	<u>1,334</u>
<i>Non-current</i>				
Term loans (secured)	1,944	8,092	1,944	2,479
Lease liabilities (unsecured)	-	26	-	-
	<u>1,944</u>	<u>8,118</u>	<u>1,944</u>	<u>2,479</u>
Total borrowings	<u>3,283</u>	<u>9,836</u>	<u>3,283</u>	<u>3,813</u>

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 in December 2020. The term loan bears an interest of 7.5% per annum and is secured against:
- a leasehold land measuring 10,638m² and the hotel building erected on the leasehold land owned by the Group, in Huzhou, PRC (the "Hotel Collateral"); and
 - 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

Pursuant to the terms and conditions of the Proposed Disposal, the Group has utilised RMB29.3 million of the First Payment to fully repay the term loan and related interest expenses in December 2022, and the pledge over the Hotel Collateral has been released by the bank.

- (b) The Group was granted a term loan facility of S\$5.0 million for working capital purposes from a licensed bank in Singapore in June 2020. 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 principal 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 principal and interest instalments of S\$109,571 commencing on 16 July 2021 and the last principal and interest instalment of S\$109,670 falling on 16 June 2025.

N15. Share capital

	The Group and Company			
	31/12/2022		30/06/2022	
	Number of shares '000	Amount S\$'000	Number of shares '000	Amount S\$'000
Beginning and end of interim period	<u>17,825,747</u>	<u>195,738</u>	<u>17,825,747</u>	<u>195,738</u>

There were no changes in the share capital of the Company since 30 June 2022. The Company did not have any treasury shares or subsidiary holdings as at 31 December 2022 and 31 December 2021.

Warrants

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:

	31/12/2022	31/12/2021
Warrants expired 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>16,153,738,262</u>

The outstanding W230130 Warrants have expired at 5.00 p.m. on 30 January 2023 and have been delisted from the Official List of the SGX-ST with effect from 9.00 a.m. on 31 January 2023.

N16. Discontinued operations and disposal group classified as held-for-sale

As mentioned in N2.3(i), the Group entered into the Acquisition Agreement for the disposal of the Sale Shares and Hotel Assets. In compliance with SFRS(I) 5 *Non-Current Assets Held for Sales and Discontinued Operations*, the entire assets and liabilities of Yashe and the Hotel Assets are classified as a disposal group held-for-sale on the consolidated balance sheet and the entire results of Yashe and the profit and loss related to the Hotel Assets are presented separately in the statement of comprehensive income as "Discontinued Operations". The corresponding results of Yashe and the profit and loss related to the Hotel Assets for 1HFY22 are re-presented separately as "Discontinued Operations" in the statement of comprehensive income.

- (a) The results of the discontinued operations and the re-measurement of the disposal group are as follows:

	Group	
	6 Months Ended	
	31/12/2022	31/12/2021
	S\$'000	S\$'000
		(Re-presented)
Revenue	663	663
Expenses	<u>(1,046)</u>	<u>(1,825)</u>
Loss before income tax from discontinued operations	(383)	(1,162)
Income tax credit	<u>8</u>	<u>8</u>
Net loss	<u><u>(375)</u></u>	<u><u>(1,154)</u></u>

(b) The impact of the discontinued operations on the cash flows of the Group is as follows:

	Group	
	6 Months Ended	
	31/12/2022	31/12/2021
	S\$'000	S\$'000
Operating cash outflows	(6)	(340)
Investing cash outflows	-	(1)
Financing cash outflows	<u>(14)</u>	<u>(6)</u>
	<u><u>(20)</u></u>	<u><u>(347)</u></u>

(c) Details of assets in disposal group classified as held-for-sale are as follows:

	Group
	31/12/2022
	S\$'000
Cash and cash equivalents	14
Trade and other receivables	28
Inventories	15
Other current assets	75
Property, plant and equipment	<u>14,728</u>
	<u><u>14,860</u></u>

(d) Details of liabilities directly associated with disposal group classified as held-for-sale are as follows:

	Group
	31/12/2022
	S\$'000
Trade and other payables	236
Borrowings	24
Deferred income tax liabilities	<u>511</u>
	<u><u>771</u></u>

N17. Subsequent events

Save as disclosed in this announcement, there are no known subsequent events which have led to the adjustments of this set of interim financial statements.

OTHER INFORMATION PURSUANT TO APPENDIX 7C OF THE CATALIST RULES

1. **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.

2. **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.

- 2A. **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 2022 do not have any adverse opinion, qualified opinion or disclaimer of opinion.

3. **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**

1HFY23 vs 1HFY22

In 1HFY22, the Group generated revenue from its hospitality business. As mentioned in N16, the results of Yashe and profit and loss related to the Hotel Assets are presented separately in the statement of comprehensive income as "Discontinued Operations" and the corresponding profit and loss in 1HFY22 is also re-presented as "Discontinued Operations" in accordance with the requirements of SFRS(I) 5.

Other loss, net

The net other loss reported in 1HFY23 was attributable mainly to a foreign exchange loss of S\$1,876,000 (1HFY22: exchange gain S\$445,000) arising from the translation of loans and advances from the Company to the subsidiary corporations which are denominated in Renminbi into Singapore Dollars.

Administrative expenses

The Group administrative expenses increased by S\$480,000 to S\$1.8 million in 1HFY23. The increase was due mainly to professional fees of S\$575,000 (1HFY22: S\$nil) incurred in relation to the Proposed Acquisition.

Loss from discontinued operations

The lower loss in 1HFY23 was mainly due to lower depreciation by S\$299,000 as a result of the lower net book value of the hotel assets after an impairment was made in 2HFY22, lower salary and related expense by S\$148,000, lower professional fees by S\$102,000 and lower write-off of hotel's low value assets by S\$179,000.

Net loss

The Group reported a net loss of S\$4.4 million in 1HFY23 as compared with the net loss of S\$2.4 million posted in 1HFY22. The higher net loss was due mainly to the higher foreign exchange loss and professional fees incurred in relation to the Proposed Acquisition, partly offset by lower loss from discontinued operations as mentioned above.

B. Review of Financial Position

Cash and cash equivalents

Please refer to the cash flow analysis in Review of Cash Flow (section 3C) below.

Trade and other receivables – current

The decrease in trade and other receivables was attributable mainly to lower closing rate used to translate the balance sheet items of the subsidiary corporations in China into the presentation currency of Singapore Dollars.

Trade and other payables

The increase in trade and other payables was mainly due to the receipt of 50% of consideration from the Purchaser in respect of the Proposed Disposal amounting to RMB40 million (equivalent to approximately S\$7.7 million).

Borrowings

The decrease in the Group's borrowings was due mainly to the repayment of the term loans and lease liabilities amounting to S\$6.3 million and S\$45,000 respectively during 1HFY23.

Inventories

Property, plant and equipment

Deferred income tax liabilities

The decrease of inventories, property, plant and equipment and deferred income tax liabilities were due mainly to the classification of these items to "Assets held for disposal group classified as held-for sale" and "Liabilities directly associated with disposal group classified as held-for-sale" as mentioned in N16 above.

C. Review of Cash Flow

In 1HFY23, the Group recorded an increase of S\$191,000 in cash and cash equivalents. The increase was due mainly to net cash provided by operating activities of S\$6.8 million, offset by net cash used in financing activities of S\$6.6 million, mainly for the repayment of bank borrowings and lease liabilities.

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

Not applicable.

5. 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 Proposed Disposal¹ of the Sale Shares and Hotel Assets was approved by Shareholders at the extraordinary general meeting held on 6 February 2023. The Proposed Disposal is expected to be completed by the first quarter of 2023.

After the completion of the Proposed Disposal, in the next 12 months, the Group will focus on:

- (i) reviewing and re-strategizing the remaining real estate development business under Huzhou Project and any other new opportunities;
- (ii) The Group leases approximately 320 hectares of agriculture land in Huzhou, China. The Group plans to develop part of the agriculture land into real estate projects and is also exploring to diversify into agriculture business in the next 12 months. The Company will seek the approval of the shareholders at an extraordinary general meeting to be convened should the Company decide to diversify into agricultural business,

The Proposed Acquisition

As mentioned in N2.3(iv), the Proposed Acquisition² will enhance the long-term interests of the Company and its Shareholders through, amongst others, an increase in revenue of the Company by leveraging on the Target Business and that the Proposed Acquisition presents an opportunity for the Company to acquire a business with the potential for growth and to significantly increase the market capitalisation of the Company, with the added benefit of allowing the Company to access better analyst coverage and increased investor interest.

The Company is currently performing due diligence on the Target Group and the Proposed Acquisition is expected to be completed by second quarter of 2023. The long stop date of the Proposed Acquisition is due on 28 February 2023 and the parties are working towards the extension of the long stop date. The Company will make appropriate update announcement(s) on the Proposed Acquisition at the relevant time.

6. 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 period 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.

¹ Please refer to the announcements dated 4 January 2023 and 6 February 2023 and circular to shareholders dated 20 January 2023 for the details of the Proposed Disposal.

² Please refer to announcement dated 4 November 2022 for the details of the Proposed Acquisition.

7. 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 period ended 31 December 2022 because of losses incurred during the financial period ended 31 December 2022 and the financial position of the Company.

8. 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 period ended 31 December 2022. There were no IPTs of S\$100,000 and above being entered into by the Group during 1HFY23.

9. 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).

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

During 1HFY23, the Company invested an additional RMB250,000 in the registered share capital of Grand Canal. Following the additional investment, the equity interests of the Company in Grand Canal has increased from 78.4% to 78.5% 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 RMB250,000 was determined after taking into consideration the working capital requirements of Grand Canal. The investment amount was fully paid in cash and was funded through the Group’s internal resources. The net liabilities value represented by every 1% equity interest in Grand Canal is S\$89,000. 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 ending 30 June 2023.

Save as disclosed in this announcement, there were no other incorporation of new entities, acquisitions and realisation of shares during the 1HFY23 and as at the date of this announcement.

BY ORDER OF THE BOARD

Lee Keng Mun
Chief Operating Officer
13 February 2023

CONFIRMATION BY THE BOARD

We, Dato' Dr. Choo Yeow Ming and Dr Lam Lee G., being two of the directors of Asia-Pacific Strategic Investments Limited, 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 Group's financial results for the half-year ended 31 December 2022 to be false or misleading in any material respect.

FOR AND ON BEHALF OF THE BOARD

(Signed)

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

13 February 2023

(Signed)

Dr Lam Lee G
Lead Independent Director

13 February 2023

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.

The contact person for the Sponsor is Ms. Lim Hui Ling, 16 Collyer Quay #10-00 Collyer Quay Centre Singapore 049318, sponsorship@ppcf.com.sg.