

ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED

(Company Reg. No. 200609901H)

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

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

	6 Months Ended		Increase/ (decrease) %
	31/12/2023 S\$'000	31/12/2022 S\$'000	
Continuing operations			
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit	-	-	-
Other gains/(losses), net			
- Interest income:			
• Other receivables	172	-	n.a.
• Bank deposits	1	1	-
- Others	1,116	(1,830)	n.a.
Expenses			
- Administrative	(1,249)	(1,846)	(32.3)
- Finance	(31)	(338)	(90.8)
Profit/(loss) before income tax	9	(4,013)	n.a.
Income tax	-	-	-
Profit/(loss) from continuing operations	9	(4,013)	n.a.
Discontinued operations			
Loss from discontinued operations	-	(375)	n.a.
Total profit/(loss)	9	(4,388)	n.a.
Other comprehensive loss:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
- Currency translation gain/(loss) arising from consolidation	4	(937)	n.a.
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
- Currency translation loss arising from consolidation	(20)	(337)	(94.1)
Other comprehensive loss, net of tax	(16)	(1,274)	(98.7)
Total comprehensive loss	(7)	(5,662)	(99.9)

n.m. = Not meaningful.

	6 Months Ended		Increase/ (decrease)
	31/12/2023	31/12/2022	%
	S\$'000	S\$'000	
Profit/(loss) attributable to:			
Equity holders of the Company	90	(3,985)	n.a.
Non-controlling interests	<u>(81)</u>	<u>(403)</u>	(79.9)
	<u>9</u>	<u>(4,388)</u>	n.a.
Profit/(loss) attributable to equity holders of the Company relates to:			
Profit/(loss) from continuing operations	90	(3,691)	n.a.
Loss from discontinued operations	<u>-</u>	<u>(294)</u>	n.a.
	<u>90</u>	<u>(3,985)</u>	n.a.
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	94	(4,922)	n.a.
Non-controlling interests	<u>(101)</u>	<u>(740)</u>	(86.4)
	<u>(7)</u>	<u>(5,662)</u>	(99.9)
Earnings/(loss) per share for income/(loss) of the period from continuing and discontinued operations attributable to equity holders of the Company:			
Basic and diluted earnings/(loss) per share (SGD cents per share):			
From continuing operations	0.001	(0.02)	
From discontinued operations	<u>-</u>	<u>(0.002)</u>	

B. Condensed interim statements of financial position

	Group		Company	
	31/12/2023	30/06/2023	31/12/2023	30/06/2023
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	301	1,819	6	24
Trade and other receivables	5,513	5,545	24,261	24,309
Other current assets	1,686	1,497	109	119
Financial assets, at FVOCI	_*	_*	_*	_*
	<u>7,500</u>	<u>8,861</u>	<u>24,376</u>	<u>24,452</u>
Non-current assets				
Trade and other receivables	8,910	8,963	-	-
Development properties	14,429	14,516	-	-
Investment in subsidiary corporations	-	-	12,689	12,689
Property, plant and equipment	502	121	48	81
	<u>23,841</u>	<u>23,600</u>	<u>12,737</u>	<u>12,770</u>
Total assets	<u>31,341</u>	<u>32,461</u>	<u>37,113</u>	<u>37,222</u>
LIABILITIES				
Current liabilities				
Trade and other payables	9,542	10,001	5,607	4,497
Borrowings	1,983	2,626	1,983	2,626
Provision for reinstatement costs	50	50	50	50
	<u>11,575</u>	<u>12,677</u>	<u>7,640</u>	<u>7,173</u>
Non-current liabilities				
Borrowings	-	11	-	11
Total liabilities	<u>11,575</u>	<u>12,688</u>	<u>7,640</u>	<u>7,184</u>
Net assets	<u>19,766</u>	<u>19,773</u>	<u>29,473</u>	<u>30,038</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	195,743	195,743	195,743	195,743
Foreign currency translation reserve	(17,008)	(17,012)	(15,939)	(15,939)
Statutory reserve	47	-	-	-
Fair value reserve	(6,000)	(6,000)	(6,000)	(6,000)
Accumulated losses	<u>(156,421)</u>	<u>(156,464)</u>	<u>(144,331)</u>	<u>(143,766)</u>
	16,361	16,267	29,473	30,038
Non-controlling interests	<u>3,405</u>	<u>3,506</u>	<u>-</u>	<u>-</u>
Total equity	<u>19,766</u>	<u>19,773</u>	<u>29,473</u>	<u>30,038</u>

* Less than S\$1,000

C. Condensed interim statements of changes in equity

	← Attributable to equity holders of the Company →					Non-controlling interests	Total	
	Share capital	Foreign currency translation reserve	Statutory reserve	Fair value reserve	Accumulated losses			Total
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Half-year ended 31 December 2023								
Balance as at 1 July 2023	195,743	(17,012)	-	(6,000)	(156,464)	16,267	3,506	19,773
Total comprehensive income/(loss) for the financial period	-	4	-	-	90	94	(101)	(7)
Appropriation to statutory reserve	-	-	47	-	(47)	-	-	-
Issuance of new ordinary shares pursuant to exercise of warrants	-*	-	-	-	-	-*	-	-*
Balance as at 31 December 2023	<u>195,743</u>	<u>(17,008)</u>	<u>47</u>	<u>(6,000)</u>	<u>(156,421)</u>	<u>16,361</u>	<u>3,405</u>	<u>19,766</u>
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>-</u>	<u>(6,000)</u>	<u>(152,315)</u>	<u>20,328</u>	<u>1,733</u>	<u>22,061</u>

* Less than S\$1,000

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 2023					
Balance as at 1 July 2023	195,743	(15,939)	(6,000)	(143,766)	30,038
Total comprehensive loss for the financial period	-	-	-	(565)	(565)
Issuance of new ordinary shares pursuant to exercise of warrants	-*	-	-	-	-*
Balance as at 31 December 2023	<u>195,743</u>	<u>(15,939)</u>	<u>(6,000)</u>	<u>(144,331)</u>	<u>29,473</u>
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	-	-	-	(2,894)	(2,894)
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>

* Less than S\$1,000

D. Condensed interim consolidated statement of cash flows

	6 Months Ended	
	31/12/2023 S\$'000	31/12/2022 S\$'000
Cash flows from operating activities		
Net profit/(loss)	9	(4,388)
Adjustments for:		
- Income tax credit	-	(8)
- Interest expense on bank borrowings	29	258
- Interest expense on other payables	-	78
- Interest expense on lease liabilities	2	6
- Interest income from other receivables	(172)	-
- Interest income from bank deposits	(1)	(1)
- Depreciation of property, plant and equipment	36	306
- Gain on lease modification	-	(5)
- Unrealised currency transaction differences	143	1,873
	46	(1,881)
Changes in working capital:		
- Development properties	5	22
- Trade and other receivables	(1)	79
- Inventories	-	(6)
- Other current assets	(198)	(59)
- Trade and other payables	(434)	8,662
Cash (used in)/provided by operations	(582)	6,817
- Interest received	173	1
Net cash (used in)/provided by operating activities	(409)	6,818
Cash flows from investing activities		
- Additions to property, plant and equipment	(417)	-
Net cash used in investing activities	(417)	-
Cash flows from financing activities		
- Repayment of bank borrowings	(629)	(6,318)
- Interest paid for bank borrowings	(29)	(258)
- Principal repayment of lease liabilities	(2)	(45)
- Interest paid for lease liabilities	(25)	(6)
- Proceeds from issuance of new ordinary shares pursuant to the exercise of warrants	-*	-
Net cash used in financing activities	(685)	(6,627)
Net (decrease)/increase in cash and cash equivalents	(1,511)	191
Cash and cash equivalents		
Beginning of financial period	1,819	961
Effects of currency translation on cash and cash equivalents	(7)	(57)
End of financial period	301	1,095

* Less than S\$1,000

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 2023 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.

N2. Basis of preparation

The condensed interim financial statements for the six months ended 31 December 2023 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 2023.

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 2023.

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:

- N9 – Estimated impairment of non-financial assets
- N10 – Net realisable value of development properties
- N11 – Impairment of other receivables.

N2.3. Going concern

The Group reported a total profit of S\$9,000 (six months ended 31 December 2022 (“1HFY23”): total loss of S\$4,388,000) for the six months ended 31 December 2023 (“1HFY24”). Excluding the government grant and interest income from other receivables of S\$959,000 (1HFY23: S\$nil) and S\$172,000 (1HFY23: S\$nil) respectively, the Group incurred a total loss of S\$1,122,000 in 1HFY24. The Group generated net operating cash outflows of S\$409,000 (1HFY23: net operating cash inflows of S\$6,818,000) for 1HFY24 and is in a net current liabilities position of S\$4,075,000 (as at 30 June 2023: S\$3,816,000).

Notwithstanding the abovementioned, 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 2023 remains appropriate after considering the following:

- (i) The Group is continuing its negotiations with the contractors to finalise the final contract sums and it is expected that the payment of the accrued construction cost (included in current trade and other payables) amounting to S\$1.3 million as at 31 December 2023 will be delayed beyond 12 months from the end of the financial period.
- (ii) On 28 August 2023, 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\$6.0 million in order to enable the Group to continue its operations as a going concern for 18 months from 28 August 2023 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 28 August 2023 until the Company has the ability to make the payment.
- (iii) 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 businesses are not affected by seasonal or cyclical factors during the financial period.

N4. Segment and revenue information

The Group is organised into business units based on both geography and business segment. For 1HFY24, the Group had two reportable operating segments: investment and real estate development.

For 6 months ended 31 December 2023

	Singapore	PRC	Total for continuing operations
Group	Investment	Real estate development	operations
	S\$'000	S\$'000	S\$'000
Revenue from external parties	-	-	-
Gross profit	-	-	-
Other gains/(losses), net			
- Interest income	-	173	173
- Others	(146)	1,262	1,116
Administrative expenses	(855)	(394)	(1,249)
Finance expenses	(31)	-	(31)
Loss before income tax	(1,032)	1,041	9
Income tax	-	-	-
Net loss	(1,032)	1,041	9
Depreciation	(33)	(3)	(36)
Segment assets	164	31,177	31,341
Segment assets include:			
Additions to property, plant and equipment	-	417	417
Segment liabilities	7,644	3,931	11,575

For 6 months ended 31 December 2022

	Singapore	PRC	Total for continuing operations
Group	Investment	Real estate development	operations
	S\$'000	S\$'000	S\$'000
Revenue from external parties	-	-	-
Gross profit	-	-	-
Other gains/(losses), net			
- Interest income	-	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	-	-	-
Net loss	(3,445)	(568)	(4,013)
Depreciation	(36)	(15)	(51)
Segment assets	291	26,730	27,021
Segment assets include:			
Additions to property, plant and equipment	-	-	-
Segment liabilities	7,140	11,909	19,049

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 2023 and 30 June 2023:

	Group		Company	
	31/12/2023 S\$'000	30/06/2023 S\$'000	31/12/2023 S\$'000	30/06/2023 S\$'000
Financial assets				
Financial assets, at FVOCI	-*	-*	-*	-*
Financial assets at amortised cost	<u>14,565</u>	<u>16,166</u>	<u>24,359</u>	<u>24,424</u>
	<u>14,565</u>	<u>16,166</u>	<u>24,359</u>	<u>24,424</u>
Financial liabilities				
Financial liabilities at amortised cost	<u>11,243</u>	<u>12,177</u>	<u>7,590</u>	<u>7,134</u>

* Less than S\$1,000

N6. Loss before income tax

N6.1. Significant items

	6 Months Ended	
	31/12/2023 S\$'000	31/12/2022 S\$'000
Interest expenses:		
- Lease liabilities	(2)	(2)
- Bank borrowings	(29)	(258)
- Other payables	-	(78)
Interest income:		
- Other receivables	172	-
Rental income	296	-
Currency exchange loss - net	(148)	(1,876)
Depreciation	(36)	(51)
Government grant [#]	959	-

[#] Included in government grant is an amount of RMB5,140,000 (equivalent to S\$958,000) received from District Government of Nanxun District, Huzhou City. This government grant is provided on the condition that the Group will cultivate grains on the Group's designated agriculture land in Huzhou. Please refer to section 5 under Other Information pursuant to Appendix 7C of the Catalist Rules for further details.

N6.2 Related party transactions

There are no material related party transactions for the financial period ended 31 December 2023.

N7. Earnings per share

	Continuing operations		Discontinued operations		Total	
	6 Months Ended		6 Months Ended		6 Months Ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Net profit/(loss) attributable to equity holders of the Company (S\$'000)	90	(3,691)	-	(294)	90	(3,985)
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	17,828,689	17,825,747	17,828,689	17,825,747	17,828,689	17,825,747
Basic earnings/(loss) per share (SGD cents per share)	0.001	(0.02)	-	(0.002)	0.001	(0.02)

The Group does not have any dilutive potential shares as at 31 December 2023.

As the Group was making losses in 1HFY23, the dilutive potential shares from the warrants were anti-dilutive and no changes were made to the diluted loss per share for 1HFY23.

N8. Net asset value

	Group		Company	
	31/12/2023	30/06/2023	31/12/2023	30/06/2023
Net asset value per ordinary share (SGD cents per share)	0.1	0.1	0.2	0.2

N9. 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\$12,689,000 (as at 30 June 2023: S\$12,689,000). As at 31 December 2023, 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.

N10. Net realisable value of development properties

The carrying amount of the Group's development properties at the reporting date is S\$14,429,000 (as at 30 June 2023: S\$14,516,000). 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.

N11. Impairment of other receivables

As at 31 December 2023, the carrying amount of the Group's other receivables before impairment loss is S\$14,423,000 (as at 30 June 2023: S\$14,508,000).

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 2023 and 30 June 2023, 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.

N12. Borrowings

	Group		Company	
	31/12/2023	30/6/2023	31/12/2023	30/6/2023
	S\$'000	S\$'000	S\$'000	S\$'000
<i>Current</i>				
Term loan (secured)	1,934	2,562	1,934	2,562
Lease liabilities (unsecured)	49	64	49	64
	<u>1,983</u>	<u>2,626</u>	<u>1,983</u>	<u>2,626</u>
<i>Non-current</i>				
Lease liabilities (unsecured)	-	11	-	11
	<u>-</u>	<u>11</u>	<u>-</u>	<u>11</u>
Total borrowings	<u>1,983</u>	<u>2,637</u>	<u>1,983</u>	<u>2,637</u>

Details of any collateral

- (a) The Company 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 Dato' 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.

The Company's term loan agreement is subjected to certain terms and conditions, where the Company is required to maintain a specific balance in an operating account with the licensed bank in Singapore. Due to the disposal of the hospitality segment in FY2023 and the Company's intention to fully pre-pay the term loan from the proceeds of the disposal, management has proactively worked with the banker to create a contingency resolution with regard to this matter. Accordingly, the term loan has been classified as current liabilities as at the end of FY2023.

N13. Share capital

	The Group and Company			
	31/12/2023		30/06/2023	
	Number of shares	Amount	Number of shares	Amount
	'000	S\$'000	'000	S\$'000
Beginning of financial period	17,828,644	195,743	17,825,747	195,738
Shares issued	<u>52</u>	<u>-*</u>	<u>2,897</u>	<u>5</u>
End of financial period	<u>17,828,696</u>	<u>195,743</u>	<u>17,828,644</u>	<u>195,743</u>

* Less than S\$1,000

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

	Number of issued shares
Balance as at 1 July 2023	17,828,644,304
Issuance of new ordinary shares pursuant to the exercise of warrants	<u>51,975</u>
Balance at 31 December 2023	<u>17,828,696,279</u>

The Company did not have any treasury shares or subsidiary holdings as at 31 December 2023 and 31 December 2022.

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:

	31/12/2023	31/12/2022
Warrants expired on 26 July 2023 ("W230726")	<u>-</u>	<u>6,145,168,199</u>

N14. Statutory reserve

Statutory reserve represents the amount transferred from profit after tax of the subsidiary corporation incorporated in the People's Republic of China ("PRC") in accordance with the PRC requirement. The statutory reserve cannot be reduced except where approval is obtained from the relevant PRC authority to apply the amount towards setting off any accumulated losses or increasing capital.

N15. Discontinued operations and Disposal of Hospitality Segment

On 15 December 2022, the Company's direct subsidiary corporation, 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 subsidiary corporation of Grand Canal 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 would 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 RMB80,000,000 (equivalent to S\$14,952,000) (the "Consideration") on the terms and conditions of the Acquisition Agreement (the "Disposal of Hospitality Segment").

The Disposal of Hospitality Segment was approved by the shareholders of the Company at the extraordinary general meeting held on 6 February 2023. The Group has lost control over Yashe and the Hotel Assets thereafter.

In compliance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, the entire results of Yashe and the profit and loss related to the Hotel Assets for 1HFY23 are presented separately in the statement of comprehensive income as "Discontinued Operations".

(a) The results of the discontinued operations of the Disposal of Hospitality Segment are as follows:

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

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

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

N16. 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 2023 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**

1HFY24 vs 1HFY23

Revenue

There is no revenue reported from continuing operations in 1HFY24 and 1HFY23 as the Group disposed of its hospitality segment in financial year ended 30 June 2023 ("FY23") and has not commenced its real estate development activities due to the sluggish property market in China.

Other gains/(losses), net

The net other gains reported in 1HFY24 was attributable mainly to an interest income of S\$173,000, mainly comprising liquidated damages receivable from the Purchaser pursuant to the Disposal of the Hospitality Segment (1HFY23: S\$1,000), rental income of S\$296,000 (1HFY23: S\$nil) and government grant of S\$959,000 (1HFY23: S\$nil). The other gains were partly offset by a foreign exchange loss of S\$148,000 (1HFY23: a foreign exchange loss of S\$1,876,000) 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 decreased by S\$597,000 to S\$1.2 million in 1HFY24. The decrease was due mainly to the lower professional fee incurred as compared to S\$575,000 of professional fee incurred in 1HFY23 in relation to proposed acquisition of Catapult Venture Pte Ltd (the "Proposed Acquisition"). The Proposed Acquisition was terminated as announced on 30 June 2023.

Finance expenses

The lower finance expenses were mainly due to the full repayment of the term loan amounting to RMB28.8 million in December 2022.

Loss from discontinued operations

The Group lost control of its hospitality segment and ceased to consolidate the results, assets and liabilities of its hospitality business from February 2023.

Net profit

As a result of the above, the Group reported a net profit of S\$9,000 in 1HFY24 as compared with the net loss of S\$4.0 million posted in 1HFY23.

B. Review of Financial Position

Cash and cash equivalents

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

Other current assets

The higher other current assets were due mainly to the prepaid construction cost of property, plant and equipment of S\$208,000.

Property, plant and equipment

The increase in property, plant and equipment were due mainly to the construction in progress for the site office and facilities in relation to the agriculture activities in Huzhou, China.

Borrowings

The decrease in the Group's borrowings was due mainly to the repayment of the term loan and lease liabilities amounting to S\$658,000 and S\$27,000 respectively during 1HFY24.

C. Review of Cash Flow

In 1HFY24, the Group recorded a decrease of S\$1.5 million in cash and cash equivalents. The decrease was due mainly to:

- (i) net cash used in operating activities of S\$409,000. The net cash used in operating activities was resulted from the negative change in working capital of S\$628,000, offset by interest income received of S\$173,000;
- (ii) net cash used in investing activities of S\$417,000, for the additions in property, plant and equipment; and
- (iii) net cash used in financing activities of S\$685,000, 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 prolonged real estate crisis in China has weakened its economy and property developers are struggling to repay debts and completing the projects. Home buyers remain on the sidelines, spooked by the price drops, construction delays and company default. Due to the sluggish property market, the Group will continue to re-strategise the real estate development business in Huzhou, China (“Huzhou Project”) as well as seek strategic partners in the Huzhou Project.

During the financial period, the Group received RMB5,140,000 (equivalent to S\$958,000) of grant from District Government of Nanxun District Huzhou City, on the condition that the Group will cultivate grains on the designated agriculture land in Huzhou Project. The Group is expected to begin the cultivation of grains in April 2024 and revenue is expected to be generated in August/September 2024. As the agriculture activities are subsidised by the government and the cost of investment is relatively small (approximately S\$1 million) as compared to the Group real estate development activities (approximately S\$14 million in development properties), the Board is of the view that the investment in agriculture activities will not increase the risk profile of the Group. The Group will continue its focus on the Huzhou Project and initiate real estate development activities once the property market in China recovered.

The Company, on an on-going basis, is exploring potential business ventures and/or other corporate actions, with the aim of enhancing shareholders’ value.

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.

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 1HFY24 because of insignificant profit generated for 1HFY24 and the financial position of the Company as at 31 December 2023.

- 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 2023. There were no IPTs of S\$100,000 and above being entered into by the Group during 1HFY24.

- 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**

There are no incorporation of new entities, acquisitions and realisation of shares during the 1HFY24 and as at the date of this announcement.

BY ORDER OF THE BOARD

Lee Keng Mun
Chief Operating Officer
5 February 2024

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 2023 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

5 February 2024

(Signed)

Dr Lam Lee G
Lead Independent Director

5 February 2024

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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