

**ASIA STRATEGIC HOLDINGS LIMITED  
AND ITS SUBSIDIARIES (THE “GROUP”)**  
*Company Registration Number: 201302159D*

UNAUDITED INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM  
1 OCTOBER 2021 TO 31 MARCH 2022

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## ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

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### FINANCIAL AND OPERATIONAL HIGHLIGHTS

For the financial period from 1 October 2021 to 31 March 2022

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All dates refer to the six-month financial period ended 31 March 2022 ("6M'22"), unless otherwise stated. The comparative six-month financial period from 1 October 2020 to 31 March 2021, is referred to as "6M'21".

#### FINANCIAL HIGHLIGHTS

- Group revenues for the six-month financial period ended 31 March 2022 increased 9% year-on-year ("YOY") to US\$8.3 million, of which 64% derived from Education and 36% from Services (6M'21: 65% derived from Education and 35% from Services). This growth is a remarkable achievement as the Group's performance in 6M'22 was severely affected by COVID-19 related closures in Vietnam between Nov'21 and Feb'22.
- The Group's net loss for the six-month financial period ended 31 March 2022 narrowed to US\$2.6 million in comparison to the previous corresponding period (6M'21: US\$2.9 million), primarily due to (i) the relaxation of COVID-19 restrictions in Feb'22 and Mar'22 and (ii) operational efficiencies realised throughout the Group.
- The Group's net comprehensive loss (including fair value movement in minority investments) for the six-month financial period ended 31 March 2022 was US\$2.7 million (6M'21: US\$3.1 million).
- COVID-19 cases in Myanmar peaked in the second half of 2021 and recovered by the end of the year. COVID-19 cases in Vietnam peaked towards the end of 2021 and showed improvement in February 2022. This resulted in an uneven recovery within the Group's operations wherein the (i) Education division in Myanmar recovered to pre-COVID-19 levels by Dec'21 whilst Vietnam student numbers remain depressed, albeit improving, and (ii) EXERA's growth slowed to low double digits, following stronger growth in the prior year.
- As a result of extensive cost control and cash flow management initiatives, financial resources continued to be carefully administered. The Group generated cash inflows from operating activities of ca. US\$1.2 million in 6M'22 vs. cash outflows of US\$1.1 million in 6M'21. The Group's overall performance and cash flow generation should further benefit from the expected economic recovery across ASEAN post COVID-19.
- In November, the Company announced the subscription of convertible notes totalling US\$5.7 million. Through a loan re-organisation exercise, the Company's corporate shareholder, Macan Pte. Ltd. ("MACAN"), subscribed to a US\$3.5 million Zero Coupon Convertible Note satisfied through a cash consideration of US\$1.0 million and the conversion of one of the shareholder's loan facilities amounting to US\$2.5 million.

As part of the loan re-organisation exercise, this loan facility agreement was terminated with effect from 31 October 2021. After the loan re-organisation exercise, the Group has a remaining loan facility of up to US\$1.5 million with Macan. As at the date of this report, the Group has drawn down an additional US\$0.25 million and the remaining available facility amounts to US\$1.25 million.

- The diversification of the Group's operations between Vietnam and Myanmar will continue to play an important role in mitigating any further pandemic risk and single-country exposure to the Group. Management has assessed that there are sufficient mitigating actions within the control of the Group, such as undertaking a controlled expansion of its existing and future businesses, maintaining financial liquidity discipline and unutilised credit facilities for its working capital requirements for the next 12 months from the date of this report.

#### OPERATIONAL HIGHLIGHTS

##### Education

- Through its Education division, the Group is currently active in (i) English language learning (Wall Street English), (ii) higher education (Auston) and (iii) K-12 international schools (Yangon American International School).

Until 30 September 2021, certain businesses in Myanmar were operated by subsidiaries of the Group through an operating and management agreement with a related party, TED Limited ("TED"). Following the reorganisation, E Partners and A Partners will continue to provide operating, management and technical support services for TED's existing student contracts for a fee over the remaining period of 12 months. Therefore, these legacy businesses will continue to be treated as managed businesses and generate management fees to the Group.

- Group revenues from the owned and managed Education businesses for the six-month financial period ended 31 March 2022 amounted to US\$5.1 million and US\$0.2 million (6M'21: US\$4.6 and US\$0.4 million), respectively.

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- The US\$0.3 million increase in Education revenues is mainly attributable to (i) a US\$1.1 million increase in Myanmar revenues (+115% YOY) driven by an early recovery post COVID-19 and (ii) a US\$0.7 decrease in Vietnam's revenues due to the strict lockdowns imposed in Vietnam between Nov'21 and Jan'22. It is worth noting that Wall Street English in Vietnam has further recovered following the removal of COVID-19 restrictions in Feb'22.

	Financial Period Ended 31 March 2022 Unaudited (6 months) US\$	Financial Period Ended 31 March 2021 Unaudited (6 months) US\$	Financial Year Ended 30 September 2021 Audited (12 months) US\$
<b>Owned businesses</b>			
Education	5,103,702	4,567,955	8,810,457
- English language learning	4,561,170	4,232,353	8,213,641
- Higher education	144,872	-	28,834
- K-12	397,660	335,602	567,982
<b>Managed businesses</b>			
Education (Legacy WSE Myanmar, Auston)	184,700	365,159	497,849
- English language learning	184,000	355,016	485,819
- Higher education	700	10,143	12,030

#### Wall Street English ("WSE")

- As of 31 March 2022, the Group owned and operated English language centres under the Wall Street English brand in both Myanmar and Vietnam. The number of centres and students were as follows:

	Number of WSE centres		Number of WSE students	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Vietnam	7	7	2,465	4,800
Myanmar	4	4	1,821	1,600
<b>Total</b>	<b>11</b>	<b>11</b>	<b>4,286</b>	<b>6,400</b>

- The marked decrease in students during the 6 months period ended 31 March 2022 was mainly due to the strict COVID-19 restrictions imposed in Vietnam between Nov'21 and Feb'22. Management took the opportunity to refurbish two language centres during this period, which has further contributed to Wall Street English's commercial recovery post COVID-19.
- It is worth noting the strong increase in the number of students in Myanmar. Notwithstanding the complex political and security environment, the Wall Street English business appears to have fully recovered and even exceeds its pre COVID-19 performance.
- Revenues at Wall Street English Vietnam and Myanmar for the six-month financial period ended 31 March 2022 amounted to US\$3.3 million and US\$1.4 million (6M'21: US\$4.0 and US\$0.6 million), respectively.

#### Auston

- Auston University ("Auston") is the result of a strategic collaboration with the Auston Institute of Management, an operator of private schools in Singapore that prepares students for careers in Engineering, IT Technology and Project Management through higher education learning.
- Since February 2020, the Company has had in place a partnership with Liverpool John Moores University ("LJMU") to provide high quality engineering training programmes for young, working professionals in Myanmar, to be taught by Auston's teaching staff at its Junction Square complex in Yangon. The partnership is of particular relevance to Auston as it enables a path towards an engineering degree and provides globally recognised degrees in Myanmar from lecturers with, at a minimum, a master's degree or a PhD from a recognised awarding body.

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- During the six-month financial period ended 31 March 2022, Auston generated revenues of US\$0.1 million (6M'21: Nil) and student numbers grew exponentially to 165 students as at 31 March 2022 (31 March 2021: 24 students). The first programme commenced in June 2021 and most students are still at the Foundation level, a pre-requisite to enter the Higher Diploma programme. It takes approximately 36 months for a student to attain a bachelor's degree.
- As of 31 May 2022, the number of enrolled students at Auston has grown to over 200 (30 September 2021: 47) and the cumulative contract value increased to US\$2.0 million (30 September 2021: US\$0.1 million). Students are seeking globally recognised diplomas / degrees in Myanmar to further their studies abroad in search of better job opportunities locally and abroad.

#### *Yangon American*

- The Group owns and operates Yangon American International School ("Yangon American") an International Baccalaureate Primary Years Programme ("IB PYP") accredited and Myanmar Investment Commission-approved international school. Yangon American's 3,000 sqm campus has a planned capacity of 400 students and its enrolment for academic year 2021-2022 was ca. 80 students (31 March 2021: 70 students).
- During the six-month financial period ended 31 March 2022, Yangon American generated revenues of US\$0.4 million (6M'21: US\$0.3 million). Yangon American's student enrolment for the 2022/2023 academic year is expected to increase gradually towards capacity, since enrolment in government schools remains low and parents are in search of quality education as a path for their children to study abroad.

#### Services

- Through its Services division, the Group is currently active in (i) owned security services (EXERA) and (ii) managed hospitality services (Ostello Bello).
- Group revenues from the owned and managed services businesses for the six-month financial period ended 31 March 2022 amounted to US\$3.0 million and Nil (6M'21: US\$2.7 and US\$0.01 million), respectively.

#### *EXERA*

- EXERA is an internationally-managed provider of security and risk management services, operating exclusively in Myanmar. As of 31 March 2022, EXERA has an experienced workforce of over 1,600 (6M'21: ca. 1,700) security officers and provides a range of integrated security, guarding, protective services, journey management, training, and nationwide risk consulting, to a wide range of international and local clients.
- Its customer base includes multi-national corporations, large oil and gas companies, established local businesses, governmental bodies and international organisations and embassies. EXERA's services are essential to the continued presence of these organisations in Myanmar throughout the current political and economic instability.
- The Group's revenues for the six-month financial period ended 31 March 2022 were US\$3.0 million (6M'21: US\$2.7 million). The 12% YOY growth was attributable to (i) continuous demand for high-margin quality integrated security and risk management services throughout the current political and economic instability, (ii) favourable currency mix, and (iii) successful renegotiation of certain key contracts.
- The ability to continuously maintain and secure new high-profile customers is mainly due to EXERA's competitive advantage as the only company in Myanmar with ISO 18788 Management System for Private Security Operations, ISO 9001, OHSAS 18000, and ANSI/ASIS PSC 1 accreditations.

#### *Ostello Bello*

- Ostello Bello, previously operating within the Hospitality Division, comprises boutique hostels with 423 beds and 105 rooms in four locations across Bagan, Mandalay and Nyaung Shwe, the most popular tourist destinations in Myanmar.

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- The performance of Ostello Bello has been severely impacted by the continued COVID-19 related travel restrictions in place between 2020 and 2022. The Group has recently decided to discontinue its location in Nyaung Shwe from July 2022, thus reducing the number of beds and rooms managed by the Group. As at the date of this report, the number of beds and rooms managed are 282 and 73, respectively.
- To address the continued under performance of Myanmar's tourism industry and to offset the currently challenging operating environment in Myanmar, the Group's remains focused on reducing operating costs and generating operational synergies. It is worth noting that through its boutique hostels the Group provides livelihood for hundreds of individuals in developing communities such as Bagan. Management takes great pride and acknowledges its role as a responsible long-term investor in these communities.

#### *New Business Development*

- Asia Strategic continues to develop its business network and expand its pipeline within the Group's existing sectors and explore new sectors. The Group is currently focused on building stronger presence on-the-ground in Vietnam whilst seeking new opportunities throughout emerging Asia to diversify the Group's geographical exposure.
- Management also routinely conducts in-depth studies of new sectors (e.g. Healthcare, Retail and Financial Services) to determine whether to allocate additional human and financial resources to selected initiatives.

The Group's minority investments include, among others:

- A minority interest in Myanmar Investments International Limited ("MIL"), a Myanmar-focused investment company listed on the AIM market of the London Stock Exchange with investments in the telecommunications and financial sectors. As at 31 March 2022, the quoted share price was US\$0.27 (31 March 2021: US\$0.61) per share and the unaudited net asset value reported by MIL as at 30 September 2021 was US\$0.67 (31 March 2021: US\$0.74) per share.

### SIGNIFICANT AND SUBSEQUENT EVENTS

#### **a) Settlement and termination of shareholder's loans**

During the financial period, the Company entered into a loan re-organisation with the Company's shareholder, Macan Pte Ltd ("Macan") as detailed below:

- (i) Subscribed US\$3.5 million Zero Coupon Convertible Notes of the Company satisfied through cash consideration of US\$1.0 million (Note 16) and the conversion of principal shareholder's Loan Facility 2 amounting to US\$2.5 million (Note 15); and
- (ii) Terminated Loan Facility 2 agreement with the Company with effect from 31 October 2021.

#### **b) Convertible Note Programme**

On 4 November 2021, the Company launched a Convertible Note Programme to raise up to US\$10.0 million over a six-month period for working capital and future investments. The convertible note ("CN") holders have an option to subscribe to either (i) a 10% coupon option ("10% Coupon Convertible Note") or (ii) a zero-coupon option ("Zero Coupon Convertible Note").

As of the date of approval of these financial statements, the Company's existing shareholders have subscribed to CN amounting to US\$5.7 million (excluding transaction costs) comprising:

- (i) 10% Coupon Convertible Notes amounting to US\$0.5 million; and
- (ii) Zero-Coupon Convertible Notes amounting to US\$5.2 million including subscription by Macan as detailed above and in Note 16.

#### **c) Issuance of shares in lieu of bonus payments**

In December 2021, through recommendations of the Remuneration Committee of the Company, the Directors approved the payment of annual bonuses to certain key management personnel of the Group in respect of

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financial year ended 30 September 2021 of US\$640,000 satisfied through the issuance of 80,000 new ordinary shares in the Company at a price of US\$8.00 per share (being the closing bid price of the Company's ordinary shares as of 10 December 2021). Refer to Note 19 for further details.

#### d) Adoption of the 2022 Employee Share Options Scheme

At the Annual General Meeting held on 4 March 2022, in order to incentivise existing and new management and employees, the Company's shareholders approved a new share option scheme (the "2022 ESOS"), whereby share options in respect of up to 200,000 ordinary shares in the capital of the Company may be granted to certain individuals at an exercise price of US\$11.00 per share with a typical vesting schedule of 40% of the option on the first anniversary of the grant date, 40% of the option on the second anniversary of the grant date and 20% of the option on the third anniversary of the grant date. No option has been granted under the 2022 ESOS as of the date of this report.

#### e) Exclusive agreement for Kids&Us School of English

On 25 April 2022, the Group entered into an exclusive franchising agreement with Kids&Us English, S.L.U ("Kids&Us") for the development of English language centres for children under the brand "Kids&Us School of English" in Myanmar.

Kids&Us is a leading provider of English language education for children from as young as one-year old through teenagers. Founded in Manresa, Barcelona, in 2003, Kids&Us has over 155,000 students across 437 schools in Spain and 90 schools internationally. Kids&Us has developed an innovative and effective pedagogical method:

- Kids&Us uses a unique teaching method based on the natural process of developing one's mother tongue, a process which takes place in a specific, natural and spontaneous order.
- The courses are adapted to the students' ages and life experiences.
- Small groups - a maximum of five in the 'Babies' stage (one and two-year-olds) and eight across the rest of the courses - allow for personalised attention and a high level of student participation and interaction in the classroom.
- Continuity of the courses allows children to learn from one-year old.
- Classes are conducted entirely in English, ensuring total linguistic immersion.
- Students can continue learning English outside of class time:
  - The Kids&Us 360° Universe provides an endless range of activities and stimulating opportunities to continue learning at urban day camps, workshops (for cooking, science, theatre), summer camps, etc.
  - Products created by Kids&Us include books, boardgames, etc.
  - Apps, online homework exercises and electronic devices.

Under the terms of this exclusive franchising agreement, the Company shall pay Kids&Us (i) an initial fee of approximately EUR100,000, upon signing of franchising agreement (ii) ongoing service fees as a percentage of revenues and (iii) didactic materials based on consumption, among other fees.

The Company is planning for its first two centres to in Yangon to be operational by June 2023.

#### Vietnam Macro-Economic highlights

- The General Statistics Office ("GSO") reported that Vietnam ended 2021 with a 2.6% GDP growth rate, despite witnessing a harsh COVID-19 lockdown in the second half of 2021. Vietnam is one of very few economies in the world to post two consecutive years of growth since the start of COVID-19. The GSO report explained that industries have been impacted in different ways. Tourism, hospitality, F&B have been struck the hardest whilst export-based sectors in Vietnam have shown resilience over the past two years. Vietnam recorded an increase in total export value in 2021 from to US\$336 billion (2021: US\$286 billion), according to the GSO. According to Vietnam Agribank, overall Vietnam remains a resilient economy as the country is expected to bounce back strongly in 2022 to become the fastest-growing ASEAN economy, with forecasted GDP growth at 6.6%, followed by Philippines (6.3%) and Malaysia (6.0%).
- According to the GSO, Vietnam's economy in Q1 of 2022 (January-March) expanded by 5.0% compared to the same period last year. The growth however was down sequentially from 5.2% in Q4 of 2021. Nevertheless, the government agency stated that Vietnam is on track for economic recovery. Q1's GDP structure was dominated by services at 41.7% followed by industry and construction at 38.0%, and agriculture, forestry, and fishery at 10.9%. Total retail sales of consumer goods increased by 4.4% YOY though passenger transport was down.

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Vietnam's exports stood at US\$89 billion while imports were recorded at US\$88 billion. As with previous years, the US remains Vietnam's largest export market at US\$25.2 billion in Q1 of 2022.

- Vietnam is now the destination of multiple supply chain and manufacturing relocations, due to strong economic fundamentals and a favourable foreign investment environment when compared with neighbouring countries. According to the Foreign Investment Agency ("FIA"), the country recorded total new, adjusted capital and share purchases by foreign investors of US\$31 billion as of 20 December 2021, an annual increase of 9.2%.
- In recent years, Vietnam has emerged as a leading hub for manufacturing electronics in Southeast Asia. Relocations by manufacturing companies such as Foxconn, Intel, Foster, and Luxshare since 2019 highlight this trend.

#### Myanmar Macro-Economic Highlights

- The World Bank's Myanmar Economic Monitor January 2022 projects economic growth of 1.0% in the fiscal year ending September 2022, a single digit recovery after experiencing a contraction of 18% in fiscal year 2021. The near-term economic outlook remains weak due to the ongoing impact of the military coup. The recent Russian war against Ukraine caused additional economic uncertainties and inflationary pressures globally exacerbating the economic issues.
- In April 2022, through notifications and directives, the Central Bank of Myanmar ("CBM") implemented certain foreign exchange control measures requiring all foreign currency receipts from 4 April 2022 to be converted to Myanmar Kyat ("Kyat"), restricting conversion of foreign currencies and limiting offshore remittance. The immediate impact was further weakening of the Kyat.
- Any future recovery in domestic activity will likely be contingent on political improvement, the removal of temporary foreign control measures, the reopening of the country to international travel in a bid to bolster international tourism and continued engagement with the international business communities.

Enrico Cesenni, Chief Executive Officer of Asia Strategic Holdings, said:

*"I am very pleased to report that over the six-month financial period ended 31 March 2022, Asia Strategic Holdings has continued to grow, in a complex social, economic and political environment.*

*"As the COVID-19 related restrictions were gradually lifted from November 2021 in Myanmar and February 2022 in Vietnam, the Group has experienced a strong rebound in its operating businesses, particularly within consumer facing brands such as Wall Street English and Auston. It is worth noting that revenues grew across both Education (+7% YOY) and Services (+12% YOY) and that the Group continues to benefit from commercial momentum that is driven by pent-up demand and the limited spending options available to customers, particularly in Myanmar.*

*"While global inflation and supply chain shortages may reduce disposable income and hinder discretionary spending, the Board and I feel that the Group is strategically positioned in sectors that will attract continued investments such as Education and that demonstrate less correlation to the broader economy such as Security services. In turn this allows us to take a long-term view and pursue a long-term agenda, confident in our capital structure.*

*"We would like to take this opportunity to thank shareholders for their continued support and all members of staff across the Group for their hard work and sacrifices through these challenging, uncertain and troubling times."*

**For more information, please visit [www.asia-strategic.com](http://www.asia-strategic.com) or contact:**

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#### FINANCIAL REVIEW

- Group revenues from the owned and managed businesses for the six-month period ended 31 March 2022 were US\$8.3 million (6M'21: US\$7.6 million).
- The 9% YOY increase in group revenues reflected the impact of (i) a strong recovery in Myanmar's education businesses (+115% YOY), (ii) the sustained performance of EXERA (+12% YOY) and (iii) the underperformance of Vietnam's education businesses (-17% YOY). It is worth noting that Vietnam's education businesses have further recovered, thanks to the full re-opening of Vietnam since Feb'22.

	Financial Period Ended 31 March 2022 Unaudited (6 months) US\$	Financial Period Ended 31 March 2021 Unaudited (6 months) US\$	Financial Year Ended 30 September 2021 Audited (12 months) US\$
<b><u>Owned businesses</u></b>			
Education	5,103,702	4,567,955	8,810,457
- Myanmar	1,790,716	553,681	1,331,422
- Vietnam	3,312,986	4,014,274	7,479,035
Services	3,025,078	2,707,920	5,664,019
<b>Total owned businesses</b>	<b>8,128,780</b>	<b>7,275,875</b>	<b>14,474,476</b>
<b><u>Managed businesses</u></b>			
Education (Legacy WSE Myanmar, Auston)	184,700	365,159	497,849
Services (Ostello Bello)	-	6,857	13,712
<b>Total managed businesses</b>	<b>184,700</b>	<b>372,016</b>	<b>511,561</b>
<b>Total group revenue</b>	<b>8,313,480</b>	<b>7,647,891</b>	<b>14,986,037</b>

#### RESULTS OF OPERATIONS

- Group gross profit for the six-month period ended 31 March 2022 was US\$3.2 million (6M'21: US\$2.2 million), a marked increase in both absolute and relative terms (38% in 6M'22 vs. 29% in 6M'21). The notable improvement in gross profit margin was attributable to (i) the recovery of Myanmar's revenues, (ii) the shift to a more profitable product mix, (iii) positive net FX exposure and (iv) further cost efficiencies across all divisions.
- The growth in revenue (+9% YOY) and gross profit margin (+44% YOY) was partially offset by the increase in administrative and other operating expenses (+12% YOY excluding depreciation and amortisation), primarily due to higher marketing expenses and employee welfare (e.g. extensive vaccination campaigns).
- The Group's EBITDA loss for the six-month period ended 31 March 2022 also reduced to ca. US\$0.5 million (6M'21: US\$0.7 million loss). When adjusted to include the impact of the right-of-use assets ("ROUs"), the Group's Adjusted EBITDA loss amounted to US\$2.2 million (6M'21: US\$2.4 million).

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	Unaudited 6 months ended <u>31 March 2022</u> US\$	Unaudited 6 months ended <u>31 March 2021</u> US\$	Audited 12 months ended <u>30 September 2021</u> US\$
Revenue	8,313,480	7,647,891	14,986,037
Cost of services	(5,130,275)	(5,431,559)	(9,573,568)
<b>Gross profit</b>	<b>3,183,205</b>	<b>2,216,332</b>	<b>5,412,469</b>
<i>Gross profit margin</i>	38%	29%	36%
Other income	85,052	40,080	838,183
Administrative and other operating expenses	(5,327,870)	(4,769,401)	(11,213,702)
Loss from operations	(2,059,613)	(2,512,989)	(4,963,050)
Finance cost	(452,991)	(449,630)	(999,992)
<b>Loss before income tax</b>	<b>(2,512,604)</b>	<b>(2,962,619)</b>	<b>(5,963,042)</b>
Income tax (expense)/credit	(82,520)	17,611	114,688
<b>Loss for after income tax</b>	<b>(2,595,124)</b>	<b>(2,945,008)</b>	<b>(5,848,354)</b>
<b>Selected non-cash items:</b>			
Total depreciation of plant and equipment	205,506	246,594	419,057
Total amortisation of right-of-use asset	1,350,354	1,331,375	2,560,875
Total amortisation of intangible assets	28,268	113,270	113,684
Impairment of trade and other receivables	18,421	103,207	1,004,384
Finance costs (excluding interest on lease liabilities)	86,027	93,945	243,547
Total interest on lease liabilities	372,105	355,685	756,445
	2,060,681	2,244,076	5,097,992
<b>Adjusted earnings before interest, tax, depreciation, and amortisation ("EBITDA")</b>	<b>(451,923)</b>	<b>(718,543)</b>	<b>(865,050)</b>
<b>Adjusted EBITDA after impact of ROUs</b>	<b>(2,174,382)</b>	<b>(2,405,603)</b>	<b>(4,182,370)</b>

### LIQUIDITY AND CAPITAL RESOURCES

- As at 31 March 2022, the Group's cash and cash equivalents amounted to US\$2.6 million, compared to US\$2.2 million as at 30 September 2021, an increase of US\$0.4 million.
- The Group recorded positive cash flows generated from operating activities of US\$1.2 million, compared to cash outflows from operating activities of US\$1.1 million in 6M'21. This is mainly due to the increase in contract liabilities of US\$1.3 million (6M'21: US\$0.3 million) arising from strong collections from WSE Myanmar and Auston where courses are paid in advance of services being delivered over the duration of the respective courses. If repayment of leases liabilities were considered, the Group would record a manageable cash outflow from operating activities of US\$0.2 million (6M'21: US\$2.6 million).
- During the six-month financial period ended 31 March 2022, the Group incurred capital expenditures of US\$0.6 million (6M'21: US\$0.1 million) mainly on leasehold improvements for the relocation and space optimisation of three English language centres in Vietnam and the expansion of the Auston campus in Myanmar. Such investment is expected to further enhance the Group's commercial success post COVID-19 and set it apart from its competitors.
- The Group's Convertible Note Programme launched in November 2021, successfully generated cash subscriptions amounting to US\$3.2 million (excluding transaction costs) which were utilised for working capital and partial repayment of the shareholder's loan and interests. As part of the Group's loan re-organisation with Macan, the Group repaid cash of US\$1.8 million as part cash settlement of the Loan Facility 1 and full settlement of the Loan Facility 2 which terminated with effect from 31 October 2021 (6M'21: drawdown of US\$1.5 million).

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#### **OTHER INFORMATION**

In support of the nation's effort to achieve a higher vaccination rate in Myanmar and ensuring the well-being of its employees, the Group, on its own accord, initiated the COVID-19 vaccination programme for all eligible employees in Myanmar, and subsequently Vietnam.

As of 31 March 2022, 78% of the employees in Myanmar and Vietnam had been vaccinated and are back in the office and on the sites.

As of 31 March 2022, 96% of the total workforce (30 September 2021: 96%) are local employees in the countries where the Group operates. All employees are paid at least the local minimum wages and approximately 69% (30 September 2021: 71%) of the Group's workforce are female (excluding EXERA's security officers).

	<b>31 March 2022</b>	<b>30 September 2021</b>	<b>31 March 2021</b>
<b>Direct and indirect Full Time Employees ("FTEs")</b>			
Male	231	202	219
Male (EXERA's security officers)	1,514	1,580	1,478
Female	512	502	502
<b>Total employees</b>	<b>2,257</b>	<b>2,284</b>	<b>2,199</b>
Ratio of female representation (excluding EXERA's security officers)	69%	71%	70%
Male	122	137	67
Male (EXERA's security officers)	241	772	352
Female	196	241	138
<b>Total new hirers (net)</b>	<b>559</b>	<b>1,150</b>	<b>557</b>
Ratio of female new hires (excluding EXERA's security officers)	62%	64%	67%

Direct and indirect Full Time Employees ("FTEs") marginally decreased to 2,257 (30 September 2021: 2,284) due to a slight decrease in EXERA's security officers and the hospitality segment.

**ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES**  
 Company Registration No.: 201302159D

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
 For the financial period from 1 October 2021 to 31 March 2022

	Note	Unaudited 6 months ended <u>31 March 2022</u> US\$	Unaudited 6 months ended <u>31 March 2021</u> US\$
Revenue	4	8,313,480	7,647,891
Cost of services		(5,130,275)	(5,431,559)
Gross profit		3,183,205	2,216,332
Other income		85,052	40,080
Administrative and other operating expenses		(5,309,449)	(4,666,194)
Loss allowance on trade and other receivables		(18,421)	(103,207)
<b>Loss from operations</b>		<b>(2,059,613)</b>	<b>(2,512,989)</b>
Finance cost	6	(452,991)	(449,630)
Loss before income tax	7	(2,512,604)	(2,962,619)
Income tax (expense)/credit	8	(82,520)	17,611
<b>Loss for after income tax</b>		<b>(2,595,124)</b>	<b>(2,945,008)</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference in translation of foreign operations		8,754	(37,259)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Changes in fair value of equity instruments at FVOCI	12	(71,800)	(123,611)
Other comprehensive income for the period, net of tax		(63,046)	(160,870)
<b>Total comprehensive income</b>		<b>(2,658,170)</b>	<b>(3,105,878)</b>
<b>Loss for the period attributable to:</b>			
Owners of the Company		(2,549,665)	(2,885,464)
Non-controlling interest		(45,459)	(59,544)
		<b>(2,595,124)</b>	<b>(2,945,008)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		(2,612,711)	(3,046,334)
Non-controlling interest		(45,459)	(59,544)
		<b>(2,658,170)</b>	<b>(3,105,878)</b>
<b>Loss per share attributable to the owners of the Company (US\$)</b>			
- Basic and diluted (US\$)	21	(0.88)	(1.03)

The above condensed interim consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

**ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES**
*Company Registration No.: 201302159D*
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*As at 31 March 2022*

		Unaudited As at <u>31 March 2022</u> US\$	Audited As at <u>30 September 2021</u> US\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	9	1,253,224	868,989
Intangible assets	10	6,679,424	6,696,483
Right-of-use assets ("ROU")	11	10,109,980	10,094,291
Financial assets at FVOCI	12	242,325	314,125
Trade and other receivables	13	1,406,993	990,616
<b>Total non-current assets</b>		<b>19,691,946</b>	<b>18,964,504</b>
<b>Current assets</b>			
Inventories		78,666	96,366
Trade and other receivables	13	1,570,166	1,390,303
Fixed deposits	14	43,757	100,625
Cash and cash equivalents	14	2,590,581	2,165,257
<b>Total current assets</b>		<b>4,283,170</b>	<b>3,752,551</b>
<b>Total assets</b>		<b>23,975,116</b>	<b>22,717,055</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Contract liabilities	4	880,567	607,578
Shareholder's loans	15	1,537,233	5,743,547
Convertible notes	16	5,750,685	–
Lease liabilities		7,841,210	7,911,109
<b>Total non-current liabilities</b>		<b>16,009,695</b>	<b>14,262,234</b>
<b>Current liabilities</b>			
Bank loan	17	120,492	–
Trade and other payables	18	2,614,243	2,697,681
Contract liabilities	4	6,270,987	5,284,512
Lease liabilities		2,282,475	1,860,070
Income tax payables		76,841	65,730
<b>Total current liabilities</b>		<b>11,365,038</b>	<b>9,907,993</b>
<b>Total liabilities</b>		<b>27,374,733</b>	<b>24,170,227</b>
<b>Equity</b>			
Share capital	19	21,439,638	20,799,638
Accumulated losses		(24,837,900)	(22,288,235)
Other reserves		(1,355)	73,874
<b>Equity attributable to owners of the Company</b>		<b>(3,399,617)</b>	<b>(1,414,723)</b>
Non-controlling interest	20	–	(38,449)
<b>Total equity</b>		<b>(3,399,617)</b>	<b>(1,453,172)</b>
<b>Total liabilities and equity</b>		<b>23,975,116</b>	<b>22,717,055</b>

*The above condensed interim consolidated statement of financial position should be read in conjunction with the accompanying notes.*

**ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES**

Company Registration No.: 201302159D

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the financial period from 1 October 2021 to 31 March 2022

<u>Unaudited</u> 31 March 2022	Note	Share capital US\$	Equity reserves US\$	Share option reserve US\$	Fair value reserve US\$	Foreign Exchange reserve US\$	Accumulated losses US\$	Equity attributable to owners of the Company US\$	Non- controlling interest US\$	Total Equity US\$
Balance as at 1 October 2021		20,799,638	(128,362)	774,102	(448,629)	(123,237)	(22,288,235)	(1,414,723)	(38,449)	(1,453,172)
<b>Total comprehensive income for the financial period:</b>										
Loss for the financial period		-	-	-	-	-	(2,549,665)	(2,549,665)	(45,459)	(2,595,124)
Other comprehensive income		-	-	-	(71,800)	8,754	-	(63,046)	-	(63,046)
		-	-	-	(71,800)	8,754	(2,549,665)	(2,612,711)	(45,459)	(2,658,170)
<b>Contributions by owners of the Company</b>										
Issuance of shares	19	640,000	-	-	-	-	-	640,000	-	640,000
Recognition of share- based payments	5	-	-	71,726	-	-	-	71,726	-	71,726
<b>Changes in ownership interest in a subsidiary</b>										
Acquisition of non- controlling interest	20	-	(83,909)	-	-	-	-	(83,909)	83,908	(1)
<b>Balance as at 31 March 2022</b>		<b>21,439,638</b>	<b>(212,271)</b>	<b>845,828</b>	<b>(520,429)</b>	<b>(114,483)</b>	<b>(24,837,900)</b>	<b>(3,399,617)</b>	<b>-</b>	<b>(3,399,617)</b>

**ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES**

Company Registration No.: 201302159D

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the financial period from 1 October 2021 to 31 March 2022

<u>Unaudited</u> 31 March 2021	Note	<u>Share capital</u> US\$	<u>Equity reserves</u> US\$	<u>Share option reserve</u> US\$	<u>Fair value reserve</u> US\$	<u>Foreign Exchange reserve</u> US\$	<u>Accumulated losses</u> US\$	<u>Equity attributable to owners of the Company</u> US\$	<u>Non-controlling interest</u> US\$	<u>Total Equity</u> US\$
<b>Equity</b>										
Balance as at 1 October 2020		20,553,638	(118,061)	610,737	(87,180)	(58,714)	(16,517,220)	4,383,200	28,589	4,411,789
<b>Total comprehensive income for the financial period:</b>										
Loss for the financial period		-	-	-	-	-	(2,885,464)	(2,885,464)	(59,544)	(2,945,008)
Other comprehensive income		-	-	-	(123,611)	(37,259)	-	(160,870)	-	(160,870)
		-	-	-	(123,611)	(37,259)	(2,885,464)	(3,046,334)	(59,544)	(3,105,878)
Liquidation of a subsidiary		-	(10,301)	-	-	-	10,301	-	-	-
<b>Contribution by owners of the Company</b>										
Recognition of share-based payments	5	-	-	92,440	-	-	-	92,440	-	92,440
<b>Balance as at 31 March 2021</b>		<b>20,553,638</b>	<b>(128,362)</b>	<b>703,177</b>	<b>(210,791)</b>	<b>(95,973)</b>	<b>(19,392,383)</b>	<b>1,429,306</b>	<b>(30,955)</b>	<b>1,398,351</b>

The above condensed interim consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES**  
*Company Registration No.: 201302159D*

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
*For the financial period from 1 October 2021 to 31 March 2022*

	Note	Unaudited 6 months ended 31 March 2022 US\$	Unaudited 6 months ended 31 March 2021 US\$
<b>Operating activities</b>			
Loss before income tax		(2,512,604)	(2,962,619)
Adjustments for:			
Interest income		1,355	(5,772)
Lease concession	7	(80,745)	(200,000)
Share-based compensation	5	71,726	92,440
Interest expense on lease liabilities	6, 7	372,105	355,685
Interest expense on loan due from corporate shareholder	6	65,342	93,945
Interest on convertible notes	6	20,685	–
Plant and equipment written off		(100)	–
Depreciation of plant and equipment	9	205,506	246,594
Intangible assets written off		3,011	–
Amortisation of intangible assets	10	28,268	113,270
Amortisation of right-of-use assets	11	1,350,354	1,331,375
Impairment loss on trade and other receivables	13	18,421	103,207
Transfer of plant and equipment to intangible assets		4,528	–
Unrealised exchange difference		79,815	89,534
Operating cash flows before working capital changes		(372,333)	(742,341)
Working capital changes:			
Trade and other receivables		(190,848)	(496,363)
Inventories		17,700	(76,149)
Contract liabilities		1,259,464	344,728
Trade and other payables		556,562	(120,053)
Cash generated from/(used in) operations		1,270,545	(1,090,178)
Interest received		(1,355)	5,772
Income tax (paid)/refunded		(71,409)	22,562
Net cash flows generated from/(used in) operating activities		1,197,781	(1,061,844)
<b>Investing activities</b>			
Purchase of plant and equipment	9	(594,169)	(33,663)
Advances to related parties		(423,813)	(308,269)
Purchase of intangible assets		(13,356)	–
Net cash flows used in investing activities		(1,031,338)	(341,932)



**ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES**  
*Company Registration No.: 201302159D*

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
*For the financial period from 1 October 2021 to 31 March 2022*

	Note	Unaudited 6 months ended 31 March 2022 US\$	Unaudited 6 months ended 31 March 2021 US\$
<b>Financing activities</b>			
Acquisition of equity interest from non-controlling interest	20	(1)	-
Fixed deposits pledged to bank	14	56,868	-
Proceeds from bank loan	17	120,492	-
(Repayment)/drawdown of shareholder's loan	15	(1,500,000)	1,500,000
Interest paid on shareholder's loans	15	(271,656)	-
Proceeds from convertible notes	16	3,230,000	-
Principal payment for lease liabilities		(990,415)	(1,146,456)
Interest payment for lease liabilities		(372,105)	(355,685)
Net cash generated from/(used in) financing activities		<u>273,183</u>	<u>(2,141)</u>
Net changes in cash and cash equivalents		439,626	(1,405,917)
Effect of exchange rate changes on cash and cash equivalents		(14,302)	(33,944)
Cash and cash equivalents at beginning of financial period		2,165,257	3,941,413
Cash and cash equivalents at end of financial period	14	<u>2,590,581</u>	<u>2,501,552</u>

*The above condensed interim consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

## ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

Company Registration No.: 201302159D

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the financial period from 1 October 2021 to 31 March 2022

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#### 1 CORPORATE INFORMATION

Asia Strategic Holdings Limited (the “Company” or “Asia Strategic”) (Registration Number 201302159D) is a public company limited by shares incorporated and domiciled in Singapore with its principal place of business and registered office at 80 Raffles Place #32-01, UOB Plaza, Singapore 048624. The Company’s ordinary shares are traded on the Main Market of the London Stock Exchange under the equity ticker ASIA.

The condensed interim consolidated financial statements as at and for the six-month financial period ended 31 March 2022 comprise the Company and its subsidiaries (collectively, the “Group”). The primary activities of the Company are investments and trading in Vietnam and Myanmar.

For Management purposes, the Group is organised into business units based on its services, and has three reportable operating segments as follows:

- a) Education – Provision of English language training, kindergarten to primary school education (K-12 education), higher education, consultancy, advisory and project management services in the education sector in Myanmar and Vietnam;
- b) Services – Provision of integrated security services, consultancy, advisory and project management services in the security and hospitality sectors in Myanmar; and
- c) Others – Corporate services to provide management and marketing support to respective entities of the Group.

These operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing the performance of the operating segments.

#### 1.1 BASIS OF PREPARATION

In the current financial period, the Group changed the presentation format of its condensed interim consolidated statement of comprehensive income from classifying expenses by nature to the function in a manner consistent with the internal reporting provided to the chief operating decision maker to analyse the financial performance of the Group. Accordingly, the comparative figures for the condensed interim consolidated statement of comprehensive income for the previous financial period were re-organised to conform to the current financial period’s presentation.

Direct employee benefit expenses, academic expenses, hotel related operating costs, security service costs and other directly attributable expenses of the respective businesses are included in the cost of services. This is to compute and present the gross profit of the Group, a key performance indicator of the Group.

The condensed interim consolidated financial statements as at and for the six months financial period ended 31 March 2022 have been prepared in accordance with International Accounting Standards (“IAS”) 34 Interim Financial Reporting as adopted by the European Union.

The condensed consolidated interim financial statements do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the annual report for the financial period from 1 October 2020 to 30 September 2021 (“financial period ended 2021”) which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

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 financial period from 1 October 2020 to 30 September 2021 which can be found on the Company’s website at [www.asia-strategic.com](http://www.asia-strategic.com).

The consolidated financial statements of the Group are presented in United States dollars (“US\$”) which is the functional currency and the presentation currency for the consolidated financial statements.

## ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

Company Registration No.: 201302159D

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the financial period from 1 October 2021 to 31 March 2022

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## 2 SIGNIFICANT ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies in the Group financial statements for the financial year ended 30 September 2021.

### Changes in accounting policy

New or amended standards have become applicable for the current reporting period. The adoption of these new or amended standards did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or previous financial periods.

### IFRSs issued but not yet effective

Certain new accounting standards and interpretations have been issued but are not yet effective for the current financial year ending 30 September 2022 and have not been adopted early by the Group. The Group expects that the adoption of these IFRSs, if applicable, will have no material impact on the financial statements in the period of initial application.

## 3 USE OF JUDGEMENTS AND ESTIMATES

In preparing the condensed interim financial statements, Management has made judgments, 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 judgments 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 financial period from 1 October 2021 to 30 September 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.

There have been no material revisions to the nature and estimates of amounts reported in prior periods, except those necessitated by the changing circumstances of the COVID-19 pandemic and Myanmar's State of Emergency.

### 3.1 SIGNIFICANT EVENTS AND SUBSEQUENT EVENTS

#### a) Updates on Impact of Coronavirus ("COVID-19")

##### Vietnam

The number of new COVID-19 daily cases in Vietnam was at a manageable level in February 2022 which enabled the Government to ease COVID-19 restrictions and reopen to vaccinated international tourists in mid-March in line with other ASEAN countries. As at the date of this report, we have no knowledge of further restrictions being planned.

##### Myanmar

Myanmar has largely recovered from the latest surge of COVID-19 with substantially fewer cases reported and has recently reopened the country to international travel in a bid to bolster international tourism and engage with the international business communities.

In support of the country's effort to achieve a higher vaccination rate and ensuring the well-being of its employees, the Group on its own accord initiated a COVID-19 vaccination programme for all eligible employees. With employees substantially vaccinated, all Group businesses were able to operate continuously without any disruptions. This enables management to focus firmly on operational improvements, planned expansion and capitalize on any new business opportunities with sufficient preventive measures from past experiences for future disruptions arising from spikes in COVID-19.

## ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

Company Registration No.: 201302159D

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the financial period from 1 October 2021 to 31 March 2022

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In April 2022, through notifications and directives, the Central Bank of Myanmar (“CBM”) implemented foreign exchange control measures requiring all foreign currency receipts from 4 April 2022 to be converted to Myanmar Kyat (“Kyat”), restricting conversion of foreign currencies and limiting offshore remittance. The CBM has recently announced exemptions and the relaxation of certain measures to Myanmar Investment Commission (“MIC”) Permitted foreign investments, investments in Special Economic Zones, Embassies, Airlines and certain non-profit organisations.

The Group owns and operates the Yangon American International School (“Yangon American”), a Myanmar Investment Commission (“MIC”) approved international school qualified for certain foreign exchange control exemptions. The Group is assessing the impact of these directives and will continue to manage its currency exposure proactively in view of the general shortage of USD in the market.

Countries within emerging Asia are navigating through the recovery of the prolonged pandemic, however the recent Russian war against Ukraine fueled new economic uncertainties and inflationary pressures globally. The Group will continuously undertake measured expansion of its existing and future businesses and maintain financial liquidity discipline.

The Group’s operations in Vietnam are expected to exceed Myanmar over time, however contribution from both markets remains an important diversification strategy to mitigate the overall COVID-19 and geographical risk exposure of the Group. The Group will closely monitor the developments in Myanmar and provide regular updates to its shareholders who remain supportive of the Group’s efforts and initiatives.

#### **b) Exclusive agreement for Kids&Us School of English**

On 25 April 2022, the Group entered into an exclusive franchising agreement with Kids&Us English, S.L.U (“Kids&Us”) for the development of English language centres for children under the brand “Kids&Us School of English” in Myanmar.

Kids&Us is a leading provider of English language education for children from as young as 1 year old and teenagers. Founded in Manresa, Barcelona, in 2003, Kids&Us has over 155,000 students across 437 schools in Spain and 90 schools internationally.

Under the terms of this exclusive franchising agreement, the Company shall pay Kids&Us (i) an initial fee of approximately EUR 100,000 (approximately US\$106,044), (ii) ongoing service fees as a percentage of revenues and (iii) didactic materials based on consumption, among other fees.

The Company is planning for its first two centres in Yangon to be operational by June 2023.

#### **c) Adoption of the 2022 Employee Share Options Scheme**

At the Annual General Meeting held on 4<sup>th</sup> March 2022, in order to incentivise existing and new management and employees, the Company’s shareholders approved a new share option scheme (“2022 ESOS”), whereby share options in respect of up to 200,000 ordinary shares in the capital of the Company may be granted to certain individuals at an exercise price of US\$11.00 per share with a typical vesting schedule of 40% of the option on the first anniversary of the grant date, further 40% of the option on the second anniversary of the grant date and further 20% of the option on the third anniversary of the grant date.

### **3.2 SEASONAL OPERATIONS**

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

**ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES**

Company Registration No.: 201302159D

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the financial period from 1 October 2021 to 31 March 2022

**4 REVENUE AND SEGMENT INFORMATION****Disaggregation of revenue**

The Group has disaggregated revenue into various categories in the following table which is intended to:

- depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors; and
- enable users to understand the relationship with revenue segment information provided.

	Education		Services		Total	
	Unaudited 6 months ended 31 March 2022 US\$	Unaudited 6 months ended 31 March 2021 US\$	Unaudited 6 months ended 31 March 2022 US\$	Unaudited 6 months ended 31 March 2021 US\$	Unaudited 6 months ended 31 March 2022 US\$	Unaudited 6 months ended 31 March 2021 US\$
Rendering of services	–	–	3,025,078	2,707,920	3,025,078	2,707,920
Technical support services and new centre fees	193,625	365,159	–	6,857	193,625	372,016
Student fees	5,094,777	4,567,955	–	–	5,094,777	4,567,955
	<u>5,288,402</u>	<u>4,933,114</u>	<u>3,025,078</u>	<u>2,714,777</u>	<u>8,313,480</u>	<u>7,647,891</u>
<i>Timing of transfer of services</i>						
Point in time	7,167	–	143,997	144,446	151,164	144,446
Over time	5,281,235	4,933,114	2,881,081	2,570,331	8,162,316	7,503,445
	<u>5,288,402</u>	<u>4,933,114</u>	<u>3,025,078</u>	<u>2,714,777</u>	<u>8,313,480</u>	<u>7,647,891</u>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
 For the financial period from 1 October 2021 to 31 March 2022

**4 REVENUE AND SEGMENT INFORMATION (CONTINUED)**

The timing of revenue recognition would affect the amount of revenue and deferred revenue (advances from customers) recognised as at the reporting date in the consolidated statement of financial position.

	<b>Unaudited As at 31 March 2022 US\$</b>	<b>Audited As at 30 September 2021 US\$</b>
<b><u>Contract liabilities</u></b>		
Deferred revenue	7,151,554	5,892,090

a) Significant changes in contract liabilities are as detailed below:

	<b>Unaudited As at 31 March 2022 US\$</b>	<b>Audited As at 30 September 2021 US\$</b>
Balance at beginning	5,892,090	5,180,719
Cash received in advance of performance and not recognised as revenue	6,538,656	9,381,140
Revenue recognised during the financial period/year:		
- On contract liabilities at beginning of financial period/year	(2,462,538)	(4,566,761)
- On cash received in advance during financial period/year	(2,817,330)	(4,181,407)
	(5,279,868)	(8,748,168)
Foreign exchange difference	676	78,399
Balance at end	7,151,554	5,892,090

b) Remaining performance obligations

Non-current deferred revenues are in respect of cash received in advance of performance which will be recognised according to the following:

- (i) The Group recognised deferred revenue for new centres developed by the related party in prior years for the Education businesses and collected fees in advance of the performance obligations.
- (ii) Student fees for Education business segments are generally collected 1 to 12 months (30 September 2021: same) and more than 12 months for certain students who prepaid in advance of performance with reference to the individual terms of the student contracts.

Deferred revenue from student fees are recognised over the duration of the respective courses and the remaining contract period ranging from 1 to 6.5 (30 September 2021: 1 to 7) years.

**ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES**

Company Registration No.: 201302159D

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the financial period from 1 October 2021 to 31 March 2022

**4 REVENUE AND SEGMENT INFORMATION (CONTINUED)**

1 October 2021 to 31 March 2022	Education US\$	Services US\$	Others US\$	Total US\$
Revenue	5,288,402	3,025,078	–	8,313,480
Cost of services	(3,131,494) <sup>*</sup>	(1,998,781) <sup>*</sup>	–	(5,130,275)
Gross profit	2,156,908	1,026,297	–	3,183,205
Other income	79,981	341	4,730	85,052
Administrative and other operating expenses	(4,226,923)	(586,113)	(514,834) <sup>**</sup>	(5,327,870)
(Loss)/profit from operations	(1,990,034)	440,525	(510,104)	(2,059,613)
Finance cost	(335,741)	(31,223)	(86,027)	(452,991)
Segment (loss)/profit	(2,325,775)	409,302	(596,131)	(2,512,604)
Income tax expense	–	(82,520)	–	(82,520)
<b>(Loss)/profit after income tax</b>	<b>(2,325,775)</b>	<b>326,782</b>	<b>(596,131)</b>	<b>(2,595,124)</b>
Other non-cash items:				
Total depreciation of plant and equipment	188,249	16,732	525	205,506
Total amortisation of right-of-use asset	1,238,017	112,337	–	1,350,354
Total amortisation of intangible assets	28,101	167	–	28,268
Impairment of trade and other receivables	–	18,421	–	18,421
Finance costs (excluding interest on lease liabilities)	–	–	86,027	86,027
Total interest on lease liabilities	335,741	36,364	–	372,105
	1,790,108	184,021	86,552	2,060,681
<b>Adjusted earnings before interest, tax, depreciation, and amortisation</b>	<b>(535,667)</b>	<b>593,323</b>	<b>(509,579)</b>	<b>(451,923)</b>
<b>Reportable segment assets as at 31 March 2022</b>	<b>20,964,082</b>	<b>2,376,447</b>	<b>392,262</b>	<b>23,732,791</b>
Investment in FVOCI	–	–	242,325	242,325
Total Group's assets				23,975,116
Included in the segment assets:				
Additions:				
Plant and equipment	580,871	13,298	–	594,169
Right-of-use assets	1,425,137	–	–	1,425,137
<b>Reportable segment liabilities as at 31 March 2022</b>	<b>(18,667,934)</b>	<b>(1,292,549)</b>	<b>(7,414,250)</b>	<b>(27,374,733)</b>

<sup>\*</sup> Cost of services from "Education" and "Services" segments comprise mainly employee benefits expenses amounting to US\$1,874,606 and US\$1,747,784, respectively for the financial period ended 31 March 2022.

<sup>\*\*</sup> Other operating expenses from the "Others" segment comprise mainly employee benefit expenses of US\$300,355 for the financial period ended 31 March 2022.

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**4 REVENUE AND SEGMENT INFORMATION (CONTINUED)**

<b>1 October 2020 to 31 March 2021</b>	<b>Education US\$</b>	<b>Services US\$</b>	<b>Others US\$</b>	<b>Total US\$</b>
Revenue	4,933,114	2,714,777	–	7,647,891
Cost of services	(3,303,520)*	(2,128,039)*	–	(5,431,559)
Gross profit	1,629,594	586,738	–	2,216,332
Other income	32,754	4,050	3,276	40,080
Administrative and other operating expenses	(3,187,326)	(891,299)	(690,776)**	(4,769,401)
Loss from operations	(1,524,978)	(300,511)	(687,500)	(2,512,989)
Finance cost	(338,745)	(16,940)	(93,945)	(449,630)
Segment (loss)/profit	(1,863,723)	(317,451)	(781,445)	(2,962,619)
Income tax benefit	7,176	10,435	–	17,611
<b>(Loss)/profit after income tax</b>	<b>(1,856,547)</b>	<b>(307,016)</b>	<b>(781,445)</b>	<b>(2,945,008)</b>
Other non-cash items:				
Total depreciation of plant and equipment	230,457	15,734	403	246,594
Total amortisation of right-of-use asset	1,250,985	80,390	–	1,331,375
Total amortisation of intangible assets	–	70,160	43,110	113,270
Impairment of trade and other receivables	103,207	–	–	103,207
Finance costs (excluding interest on lease liabilities)	–	–	93,945	93,945
Total interest on lease liabilities	338,745	16,940	–	355,685
	1,923,394	183,224	137,458	2,244,076
<b>Adjusted earnings before interest, tax, depreciation, and amortisation</b>	<b>59,671</b>	<b>(134,227)</b>	<b>(643,987)</b>	<b>(718,543)</b>
<b>Reportable segment assets as at 31 March 2021</b>	<b>20,146,346</b>	<b>3,956,113</b>	<b>1,057,939</b>	<b>25,160,398</b>
Investment in FVOCI	–	–	551,963	551,963
Total Group's assets				25,712,361
Included in the segment assets:				
Additions:				
Right-of-use assets	3,088,394	354,304	–	3,442,698
<b>Reportable segment liabilities as at 31 March 2021</b>	<b>(17,432,877)</b>	<b>(1,338,537)</b>	<b>(5,324,673)</b>	<b>(24,096,087)</b>
Deferred tax liabilities	(214,445)	(3,478)	–	(217,923)
Total Group's liabilities				(24,314,010)

\* Cost of services from "Education" and "Services" segments comprise mainly employee benefits expenses amounting to US\$2,294,150 and US\$1,797,508, respectively for the 6M'21.

\*\* Other operating expenses from the "Others" segment comprise mainly employee benefit expenses of US\$447,475 for the 6M'21.



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**4 REVENUE AND SEGMENT INFORMATION (CONTINUED)**

**Geographical information**

The Group's business segments operate in three main geographical areas. Revenue is based on the country in which the customers are located. Segmental non-current assets consist primarily of non-current assets other than financial instruments and deferred tax assets. Segment non-current assets are shown by geographical area in which the assets are located.

	<b>Unaudited 6 months ended 31 March 2022 US\$</b>	<b>Unaudited 6 months ended 31 March 2021 US\$</b>
<b>Revenue</b>		
Vietnam	3,312,986	4,014,274
Myanmar	5,000,494	3,633,617
	<u>8,313,480</u>	<u>7,647,891</u>
	<b>Unaudited As at 31 March 2022 US\$</b>	<b>Audited As at 30 September 2021 US\$</b>
<b>Segment non-current assets</b>		
Vietnam	12,044,048	9,643,022
Myanmar	5,996,584	8,015,138
Singapore	1,996	1,603
	<u>18,042,628</u>	<u>17,659,763</u>

Non-current assets consist of plant and equipment, intangible assets and right-of-use assets in the consolidated statement of financial position of the Group.

**5 EMPLOYEE BENEFIT EXPENSES**

	<b>Unaudited 6 months ended 31 March 2022 US\$</b>	<b>Unaudited 6 months ended 31 March 2021 US\$</b>
Wages, salaries and allowances *	5,192,705	5,664,586
Contributions to defined contribution plans	61,486	62,656
Share-based compensation	71,726	92,440
Termination benefits	35,806	35,407
Staff insurance and medical expenses	125,750	113,234
Staff accommodation and welfares	145,367	194,106
Others	25,462	40,317
	<u>5,658,302</u>	<u>6,202,746</u>
Total employee benefit expenses comprised:		
- Cost of services	3,622,390	4,091,658
- Administrative and other operating expenses	2,035,912	2,111,088
	<u>5,658,302</u>	<u>6,202,746</u>

\* Included in these expenses are Director's fees and remuneration.

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**6 FINANCE COST**

	Unaudited 6 months ended 31 March 2022 US\$	Unaudited 6 months ended 31 March 2021 US\$
Interest expenses:		
- Convertible notes	20,685	–
- Lease liabilities	366,964	355,685
- Loan from a shareholder	65,342	93,945
	452,991	449,630

**7 LOSS BEFORE INCOME TAX**

In addition to the charges and credits disclosed elsewhere in the financial statements, the loss before income tax includes the following charges:

	Unaudited 6 months ended 31 March 2022 US\$	Unaudited 6 months ended 31 March 2021 US\$
<b><u>Cost of services:</u></b>		
Academic expenses	567,799	223,878
Student enrolment and support fees	214,755	61,705
Bank charges on student instalment plans	165,204	182,931
Depreciation expense	104,278	181,855
Security service expense	81,276	134,790
Hotel related operating expenses	79,581	152,611
Amortisation of right-of-use assets	58,522	–
Amortisation of intangible assets	17,679	56,898
Interest on lease liabilities	5,141	–
<b><u>Administrative and other operating expenses:</u></b>		
Amortisation of right-of-use assets	1,291,832	1,331,375
Marketing expenses	857,522	534,119
Professional fees	322,316	412,878
Depreciation expense	101,228	64,739
Travelling expenses	81,296	50,999
Lease expenses on:		
- Short term lease expense	124,525	114,728
- Lease concession <sup>(1)</sup>	(80,745)	(200,000)
Amortisation of intangible assets	10,589	56,372

<sup>(1)</sup> The variable lease payments are related to additional rent concessions received from landlord due to the COVID-19 pandemic.

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**8 INCOME TAX EXPENSE**

The corporate income tax rate applicable to the Company and its subsidiaries in Singapore is at 17% (6M'21: 17%). The Group has significant operations in Myanmar and Vietnam, for which the corporate income tax rate applicable are 22% (6M'21: 25%) and 20% (6M'21: 20%), respectively.

Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings of the respective entities. The material components of the income tax expense in the condensed interim consolidated statement of profit or loss are:

	<b>Unaudited 6 months ended 31 March 2022 US\$</b>	<b>Unaudited 6 months ended 31 March 2021 US\$</b>
Current income tax		
- Current year tax	(82,520)	-
- Under provision in respect of prior financial periods	-	(10,197)
Deferred income tax		
- current financial period	-	27,808
Total income tax credit recognised in profit or loss	<u>(82,520)</u>	<u>17,611</u>

**9 PLANT AND EQUIPMENT**

During the six-month financial period ended 31 March 2022, the movements in the net carrying amount of plant and equipment are summarised below.

	<b>Unaudited 6 months ended 31 March 2022 US\$</b>	<b>Unaudited 6 months ended 31 March 2021 US\$</b>
Purchase of plant and equipment		
- Computers and books	125,122	8,563
- Furniture and fittings	14,663	9,855
- Leasehold improvements	2,921	4,080
- Construction-in-progress	451,463	11,165
	594,169	33,663
Depreciation for the six-month financial period	<u>(205,506)</u>	<u>(246,594)</u>

Construction-in-progress mainly relates to leasehold improvements for three English language centres in Vietnam and the Auston campus in Myanmar, respectively.

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**10 INTANGIBLE ASSETS**

For presentation purposes, the carrying amounts of goodwill (excluding computer software/license) are allocated to the respective CGU have been group to the following segments:

	Education				Security services	
	Myanmar		Vietnam		Myanmar	
	31 March 2022	30 September 2021	31 March 2022	30 September 2021	31 March 2022	30 September 2021
	US\$	US\$	US\$	US\$	US\$	US\$
Goodwill	-	-	4,938,217	4,937,416	1,438,990	1,438,990
Area development and centre fees	106,668	114,168	172,207	177,300	-	-

As at reporting date, there are no new additions in intangible assets except for purchase of computer software license. Amortisation for the six months financial period ended 31 March 2022 amounted to US\$28,268 (6M'21: US\$113,270).

**11 RIGHTS-OF-USE ASSETS**

During the six months financial period ended 31 March 2022, the movements in the net carrying amount of rights-of-use assets are summarised below.

	Unaudited As at 31 March 2022 US\$	Audited As at 30 September 2021 US\$
Additions for the year	1,425,137	3,541,687
Amortisation for the 6 months financial period	(1,350,354)	(1,331,375)

**12 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")**

	Unaudited As at 31 March 2022 US\$	Audited As at 30 September 2021 US\$
Balance at beginning	314,125	675,574
Fair value recognised in other comprehensive income	(71,800)	(361,449)
Balance at end	242,325	314,125

Details of the investment is as follows:

Quoted equity instrument		
- London Stock Exchange (AIM)	242,325	314,125

The Group designated investment as quoted equity security to be measured at FVOCI as at reporting date. The Group intends to hold investment for long-term appreciation in value as well as strategic investment purposes.

The investment in listed equity instrument has no fixed maturity date nor coupon rate. The fair value of the equity instrument is based on quoted bid market price on the last market date of the reporting date (Level 1).

The FVOCI are denominated in United States dollar as at reporting date.

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**13 TRADE AND OTHER RECEIVABLES**

	Unaudited As at 31 March 2022 US\$	Audited As at 30 September 2021 US\$
<b>Current</b>		
<u>Trade receivables</u>		
Third parties	775,701	741,036
Accrued receivables	39,658	75,554
Related party (Note 23)	907,930	1,042,614
Less: Loss allowances	(926,352)	(989,688)
Total trade receivables	<u>796,937</u>	<u>869,516</u>
Third parties <sup>(ii)</sup>	280,327	280,327
Less: Loss allowances	(280,327)	(280,327)
	<u>-</u>	<u>-</u>
Advances	6,135	3,743
Sundry receivables	-	39,465
Rental deposits	72,390	75,642
Prepayments for enrolment and support fees	361,013	229,250
Other prepayments	333,691	172,687
Total other receivables	<u>773,229</u>	<u>520,787</u>
Total trade and other receivables (current)	<u>1,570,166</u>	<u>1,390,303</u>
<b>Non-current</b>		
Rental deposits	429,712	442,609
Prepayments for enrolment and support fees	49,498	44,037
Related party (Note 23)	4,419,976	3,914,406
Less: Loss allowances	(3,492,193)	(3,410,436)
Total other receivables (non-current)	<u>1,406,993</u>	<u>990,616</u>
Total trade and other receivables	2,977,159	2,380,919
Less: Prepayments	(744,202)	(445,974)
Less: Advances	(6,135)	(3,743)
Add: Cash and cash equivalents and fixed deposits (Note 14)	2,634,338	2,265,882
Financial assets at amortised costs	<u>4,861,160</u>	<u>4,197,084</u>

**13 TRADE AND OTHER RECEIVABLES (CONTINUED)**

Trade and other receivables

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Trade receivables are non-interest bearing and are generally on 15 to 60 (30 September 2021: 15 to 60) days credit term. They are measured at their original invoice amounts which represent their fair value on initial recognition.

Amounts due from subsidiaries and related parties are non-trade in nature, unsecured, interest-free and are repayable on demand.

#### Expected credit loss allowances

i) *Amount due from a related party*

In the previous financial year, loss allowances of US\$1,004,384 were made on the trade and non-trade amounts due from a related party in respect of payments made on behalf and advances for the operation of the managed language centres and Engineering college in Myanmar. The loss allowance made was based on the financial information of the related party and the expected repayments from the provision of property management services to the Group over a period of 8 (30 September 2021: 9) years.

No additional allowance for impairment was made on the amount due from a related party in the current financial period.

ii) *Amount due from third parties – hostels*

In prior years, allowance for impairment of receivables from third parties of US\$280,327 was made in respect of advances to the owners of the hostels under management as two of the hostels under management experienced continuous losses and recoverability is in doubt.

The Group may commit to provide annual or monthly advances to the owners of the managed hostels pursuant to each operation and management agreement. If the managed hostels do not meet the agreed performance measures, such advances are recognised as hostel related operating expenses in the profit or loss.

No additional allowance for impairment was made on the amount due from third parties in the current financial period.

iii) *Amount due from third-parties*

In the current financial period, loss allowance of US\$18,421 were made on the current third-party trade receivables as the likelihood of recovery is in doubt.

## 14 CASH AND CASH EQUIVALENTS AND FIXED DEPOSITS

For the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting date:

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	<b>Unaudited As at 31 March 2022 US\$</b>	<b>Audited As at 30 September 2021 US\$</b>
Fixed deposits	43,757	100,625
Cash and bank balances and on hand	2,590,581	2,165,257
<b>Total</b>	<b>2,634,338</b>	<b>2,265,882</b>
Less: pledged fixed deposits	(43,757)	(100,625)
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	<u>2,590,581</u>	<u>2,165,257</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Fixed deposits placed are for a period of up to 365 (30 September 2021: ranging from 30 to 365) days and bears interest of 5.4% (30 September 2021: ranging from 4.6% to 5.4%) per annum. The entire fixed deposits were pledged to a Vietnam bank as security for credit facility and represented restricted cash.

Cash and cash equivalents and fixed deposits are denominated in the following currencies:

	<b>Unaudited As at 31 March 2022 US\$</b>	<b>Audited As at 30 September 2021 US\$</b>
United States dollar	1,156,491	1,111,559
Myanmar Kyat	1,051,026	667,072
Vietnamese Dong	343,473	430,555
Singapore dollar	82,866	56,181
Euro	482	515
	<u>2,634,338</u>	<u>2,265,882</u>

**15 SHAREHOLDER'S LOANS (UNSECURED)**

Changes in shareholder's loan balances (interest and principal) arising from financing activities:

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Group	As at	Repayment of loan	Non-cash changes	Non-cash changes	As at
	1 October 2021		Conversion of loan	Interest expense	31 March 2022
	US\$	US\$	US\$	US\$	US\$
Facility 1 <sup>(a)</sup>	3,151,576	(1,666,944)	-	52,601	1,537,233
Facility 2 <sup>(b)</sup>	2,591,971	(104,712)	(2,500,000)	12,741	-
	5,743,547	(1,771,656)	(2,500,000)	65,342	1,537,233

Group	As at	Drawdown of loan	Repayment of loan	Non-cash changes	As at
	1 October 2020			Interest expense	30 September 2021
	US\$	US\$	US\$	US\$	US\$
Facility 1 <sup>(a)</sup>	2,188,124	1,000,000	(188,124)	151,576	3,151,576
Facility 2 <sup>(b)</sup>	1,030,083	1,500,000	(30,083)	91,971	2,591,971
	3,218,207	2,500,000	(218,207)	243,547	5,743,547

## (a) Loan Facility 1

On 1 July 2019, the Group secured a loan facility of up to US\$3,000,000 with its shareholder, Macan ("Loan Facility 1"). On 1 November 2021, the Group had repaid outstanding principal loan amounting to US\$1,500,000. Accordingly, the Group has a remaining unutilised credit facility of US\$1,500,000 as at 31 March 2022.

## (b) Loan Facility 2

On 23 March 2020, the shareholder, Macan granted the Group an additional loan facility of up to US\$4,000,000 ("Loan Facility 2").

On 20 October 2021, the Company entered into a loan re-organisation with the Company's shareholder, Macan for the following:

- i) Subscribed a total amount of US\$3,500,000 Zero Coupon Convertible Notes (Note 16) of the Company satisfied through cash consideration of US\$1,000,000 and the conversion of Macan's Loan Facility 2 amounting to US\$2,500,000; and
- ii) Terminated Loan Facility 2 agreement with effect from 31 October 2021 subsequent to the repayment of all accrued interest under Loan Facility 2 on 31 October 2021.

These Loan Facilities bear semi-annual interest at 6% (30 September 2021: 6%) per annum and are repayable on demand in full with all accrued interest or no later than 30 June 2024. As at reporting date, the shareholder has indicated that it will not demand repayment within the next 12 months from the date of the audited financial statements of the Group for the financial year ended 30 September 2022.

**16 CONVERTIBLE NOTES**

The salient features of the convertible loans are as follows:



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Type	Zero-Coupon Convertible Note	10% Coupon Convertible Note
Tenure	Up to 3 years	Up to 3 years
Maturity	30 October 2024	30 October 2024
Coupon	Zero-coupon	10% annual
Discount	Between 2.0% and 20.5% based on conversion schedule	10% vs. subscription price for a Qualifying Event
Floor conversion price	US\$11.9 per share (based on the maximum discount listed above)	US\$15.0 per share
Qualifying event	Share issuance in excess of US\$5 million	Share issuance in excess of US\$5 million
Use of proceeds	Development of business Working capital	Development of business Working capital
Limitation to use of proceeds	Max. 50% of the proceeds for activities in Myanmar	Max. 50% of the proceeds for activities in Myanmar
Rank	Pari passu to all present and future unsecured obligations	Pari passu to all present and future unsecured obligations
Principal amount in issuance as at 31 March 2022	US\$5.23 million	US\$0.50 million

Convertible Notes with conversion option are accounted for as financial liabilities with an embedded equity conversion derivative based on the terms of the contract. On issuance of Convertible Notes, the embedded option is recognised at its fair value as derivative liability with subsequent changes in fair value recognised in profit or loss. The remaining proceeds are allocated to the liability component that are carried at amortised cost until the liability is extinguished on conversion or redemption. When an equity conversion option is exercised, the carrying amounts of the liability component and the equity conversion option are derecognised with a corresponding recognition of share capital.

On 4 November 2021, the Group launched a Convertible Note Programme to raise up to US\$10 million over a six-month period for working capital and future investments. The convertible note ("CN") holders have an option to subscribe to either (i) a 10% coupon option ("10% Coupon Convertible Note") or (ii) a zero-coupon option ("Zero Coupon Convertible Note").

As at reporting date, the Group's existing shareholders have subscribed to CN amounting to US\$5,730,000 comprising:

- (i) Zero-Coupon Convertible Notes of US\$5,230,000 (including subscription of Macan amounting to US\$2,500,000 as detailed in Note 15 of the financial statements); and
- (ii) 10% Coupon Convertible Notes amounting to US\$500,000.

Convertible loans are denominated in United States dollar.

**17 BANK LOAN (UNSECURED)**

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On 25 January 2022, the Group secured a short-term interest free bank loan from a third-party bank, the Vietnam Bank for Social Policies amounting to VND901,680,000 (US\$120,492). The loan is repayable 11 months from the date of disbursement of the loan and any overdue balances bears interest of 12% per annum.

**18 TRADE AND OTHER PAYABLES**

	<b>Unaudited As at 31 March 2022 US\$</b>	<b>Audited As at 30 September 2021 US\$</b>
<u>Trade payables</u>		
Third parties	632,166	624,725
Accrued enrolment expenses	145,323	55,563
Total trade payables	<u>777,489</u>	<u>680,288</u>
<u>Other payables</u>		
Third parties	52,961	18,429
Related party	–	18,512
Accruals - others	1,195,064	1,060,038
Accruals - staff bonus	96,335	769,195
Refundable deposits from customers	480,436	131,293
Sales tax	11,958	19,926
Total other payables	<u>1,836,754</u>	<u>2,017,393</u>
Total trade and other payables	2,614,243	2,697,681
Add: Shareholder's loan (Note 15)	1,537,233	5,743,547
Add: Convertible notes (Note 16)	5,750,685	–
Add: Bank loan (Note 17)	120,492	–
Add: Lease liabilities	10,123,685	9,771,179
Less: Sales tax	(11,958)	(19,926)
Financial liabilities carried at amortised cost	<u>20,134,380</u>	<u>18,192,481</u>

Trade amounts due to third parties are unsecured, non-interest bearing and are on a 15 to 60 (30 September 2021: 15 to 60) days credit term.

The non-trade amounts due to third parties and a related party are unsecured, interest-free and repayable on demand.

**19 SHARE CAPITAL**

**ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES**

Company Registration No.: 201302159D

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the financial period from 1 October 2021 to 31 March 2022

	Unaudited As at 31 March 2022 Number of shares	Audited As at 30 September 2021	Unaudited As at 31 March 2022 US\$	Audited As at 30 September 2021 US\$
<b>Issued and fully paid ordinary shares:</b>				
<b>Ordinary shares</b>				
At beginning of financial period/year	2,845,920	2,804,920	20,799,638	20,553,638
Shares issued during the financial period	80,000	41,000	640,000	246,000
At end of financial period	2,925,920	2,845,920	21,439,638	20,799,638

On 10 December 2021, the Company issued 80,000 ordinary shares at US\$8 per share (being the closing bid price of the Company's ordinary shares as at 10 December 2021) in lieu of payment for accrued employee bonus of US\$640,000, in respect of employment services rendered for the previous financial period to certain key management personnel as detailed in Note 5 to the financial statements.

In the previous financial year, on 24 June 2021, the Company issued 41,000 ordinary shares at US\$6 per share (being the closing bid price of the Company's ordinary shares as at date of issuance) in lieu of payment for accrued employee bonus of US\$246,000, in respect of employment services rendered for the previous financial period to certain key management personnel as detailed in Note 6 to the financial statements.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restrictions.

The Company did not declare any dividend in respect of the financial period from 1 October 2021 to 31 March 2022 and financial period from 1 October 2020 to 30 September 2021.

**20 NON-CONTROLLING INTEREST**

On 7 February 2022, the Company acquired 3,000 ordinary shares from the non-controlling interest of MS Auston Pte. Ltd. for a cash consideration of US\$1.00. The carrying value of the net liabilities of the subsidiary company, MS Auston Pte Ltd as at date of acquisition was US\$279,693 and the carrying value of the additional equity interest of 30% acquired was US\$83,908. The difference of US\$83,909 between the consideration and the carrying value of additional interest acquired resulted in a premium paid on acquisition of non-controlling interests recognised directly in equity reserve.

The following table shows the effect of changes in the Group's ownership interest that did not result in loss of control, on the equity attributable to owners of the Company:

	Unaudited As at 31 March 2022 US\$
Amount paid on changes in ownership interest in subsidiary	1
Non-controlling interest comprising of net liabilities acquired	83,908
Total amount recognised in equity reserves	83,909

**21 LOSS PER SHARE**

**ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES**

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the financial period from 1 October 2021 to 31 March 2022

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	Unaudited 6 months ended 31 March 2022	Unaudited 6 months ended 31 March 2021
<b><u>Numerator</u></b>		
Loss for the financial period attributable to the owners of the parent (US\$)	(2,549,665)	(2,885,464)
<b><u>Denominator</u></b>		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	2,895,319	2,804,920
<b>Loss per share (US\$)</b>		
Basic and diluted	(0.88)	(1.03)

In the current financial period and previous financial period, diluted loss per share is the same as the basic loss per share because the dilutive potential ordinary shares to be exercised are anti-dilutive as the effect of the shares' conversion would be to decrease the loss per share.

**22 COMMITMENTS**

As at the reporting date, commitments in respect of capital expenditures are as detailed below:

	Unaudited 6 months ended 31 March 2022 US\$	Unaudited 6 months ended 31 March 2021 US\$
Capital expenditures contracted but not provided for:		
- Property, plant and equipment	115,000	-

**23 SIGNIFICANT RELATED PARTY TRANSACTIONS**

## ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

Company Registration No.: 201302159D

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the financial period from 1 October 2021 to 31 March 2022

During the financial period, in addition to the information disclosed elsewhere in these financial statements, the Group entered into the following significant transactions with related parties at rates and terms agreed between the parties:

	Unaudited 6 months ended 31 March 2022 US\$	Unaudited 6 months ended 31 March 2021 US\$
<b>With related parties*:</b>		
- Management fees	63,881	–
- Technical support service fees	120,820	361,409
	<hr/>	<hr/>
<b>With a Director of the subsidiaries:</b>		
- Professional fees	54,000	54,000
	<hr/>	<hr/>

\*Related parties refer to entities where a Director of the subsidiaries have beneficial interests.

## 24 FAIR VALUE MEASUREMENT

### Financial instruments and measurements

#### Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents and fixed deposits, current trade and other receivables (excluding prepayments and advances), long term rental deposits (current) and trade and other payables. Due to their short-term nature, the carrying amount of these current financial assets and financial liabilities measured at amortised costs approximate their fair value.

The carrying amounts of the non-current loans due to a shareholder and liability component of the convertible notes approximates their fair values as the fixed interest rate approximates market interest rates for such liabilities.

The carrying amounts of the non-current liability component of the convertible notes approximates their fair values as the fixed interest rate approximates market interest rates for such liabilities.

The non-current receivables due from a related party (Note 13) amounting to US\$927,783 (30 September 2021: US\$503,970) has an estimated fair value of US\$927,783 (30 September 2021: US\$318,328), is measured according to Level 2 of the fair valuation hierarchy. The fair value of the amount due from a related party is determined based on discounted cash flow method, taking into consideration the estimated duration required for the related party to repay and the market interest rate used for discounting to present value.

#### Financial instruments measured at fair value

The financial instruments as disclosed in Note 12 to the financial statements included in Level 1 of the fair value hierarchy, are traded in active market and their fair values are based on quoted market prices at the reporting date.

There were no transfers between levels during the financial period.

There have been no changes in the valuation techniques of the various classes of financial instruments during the financial period.