ASIA STRATEGIC HOLDINGS

ANNUAL REPORT 2021/2022

Empowering communities in emerging Asia















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STRATEGIC REPORT

FINANCIAL HIGHLIGHTS

Asia Strategic Holdings Ltd. (LSE: ASIA), the independent developer and operator of consumer businesses in emerging Asia, is pleased to announce its audited results for the financial year ended 30 September 2022 ("FYE 2022").

Copies of the annual report and accounts for the financial year ended 30 September 2022 will be made available on the Company's website (www.asia-strategic.com).

- Group revenues for FYE 2022 increased 19% vs. FYE 2021 to US$17.9 million, of which 68% (FYE 2021: 62%) derived from Education and 32% (FYE 2021: 38%) derived from Services.
- The double-digit revenue growth was mainly driven by (i) the sharp turnaround of the Education segment's performance in Myanmar during FYE 2022 of 158% YOY, and (ii) EXERA, which was able to achieve single-digit growth on the back of a strong FYE 2021.
- Covid-19 cases in Vietnam peaked towards the end of 2021 and subsided in February 2022. This resulted in an uneven recovery within the Group's operations wherein the Education division in Myanmar recovered to pre Covid-19 levels by December 2021 whilst Vietnam student numbers remain depressed, albeit they are now improving.
- The Group's adjusted EBITDA loss for FYE 2022 widened to US$1.9 million (FYE2021: US$0.9 million).
- The Group's net loss for FYE 2022 increased to US$6.0 million (FYE 2021: US$4.8 million, excluding the impairment of an amount due from a related party of US$1.0 million), due to (i) the impact from six months of Covid-19 related closures in late 2021, (ii) the slow recovery of Wall Street English Vietnam, (iii) the strengthening of USD against MMK by ca. 50%, leading to a foreign exchange net loss of US$1.0 million in FYE 2022 (FYE 2021: US$0.8 million gain), and (iv) the increase in marketing expenses of US$0.7 million for the ramp-up of marketing activities subsequent to the relaxation of Covid-19 restrictions in Myanmar and Vietnam.
- The Group net comprehensive loss for FYE 2022 narrowed to US$6.0 million (FYE 2021: US$6.3 million).
- As at 30 September 2022, the Group's current and long-term deferred revenue, which represent cash received in advance of performance obligations, amounted to US$8.1 million and US$1.9 million, compared to US$5.3 million and US$0.6 million as at 30 September 2021. Current deferred revenues shall be realised in FYE 2023 while long-term deferred revenues shall be realised in FYE 2024 and FYE 2025, as and when services are rendered to students with reference to the individual terms of the student contracts.
- As a result of extensive cost control and cash flow management initiatives, financial resources continue to be carefully administered. The Group generated cash inflows from operating activities of ca. US$3.6 million in FYE 2022 vs. cash outflows of US$1.2 million in FYE 2021, excluding the repayment of lease liabilities of US$3.0 million (FYE 2021: US$1.8 million). The Group's overall performance and cash flow generation should further benefit from the expected economic recovery across ASEAN post Covid-19.
- In November 2021, the Company announced the subscription of convertible notes totalling US$5.7 million. Through a loan re-organisation exercise, the Company's largest 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. During the financial year, the Group has drawn down an additional US$0.3 million, and repaid US$2.1 million. As at the date of this report, the available facility remains at US$1.5 million.
- Management has assessed that there are sufficient mitigating actions within the control of the Group to ensure sufficient liquidity for its working capital requirements for at least the next 12 months from the date of this report, such as (i) undertaking a controlled expansion of its existing and future businesses, (ii) maintaining financial liquidity discipline, and (iii) accessing the unutilised credit facility of US$1.5 million with MACAN. No cash outflow is expected from the convertible notes as conversion into ordinary shares of the Company is mandatory at the earlier of maturity or the qualifying event as disclosed in Note 22 to the financial statements.
- The diversification of the Group's operations between Vietnam and Myanmar will continue to play an important role in mitigating any further economic risk and single-country exposure to the Group.

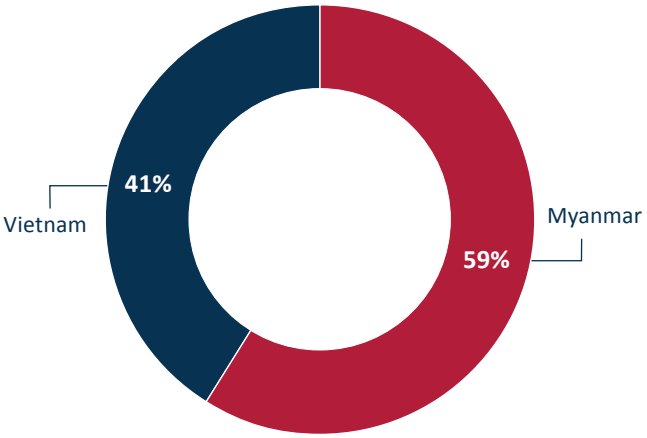
STRATEGIC REPORT

FINANCIAL HIGHLIGHTS

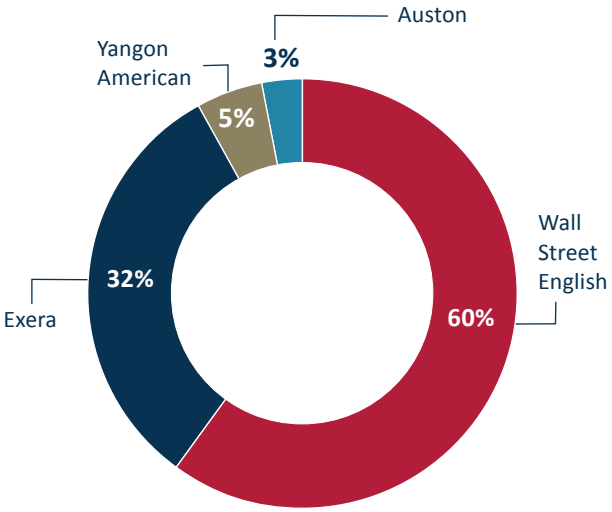
19% increase in Group revenues vs. FYE 2021 to

US$17.9 million

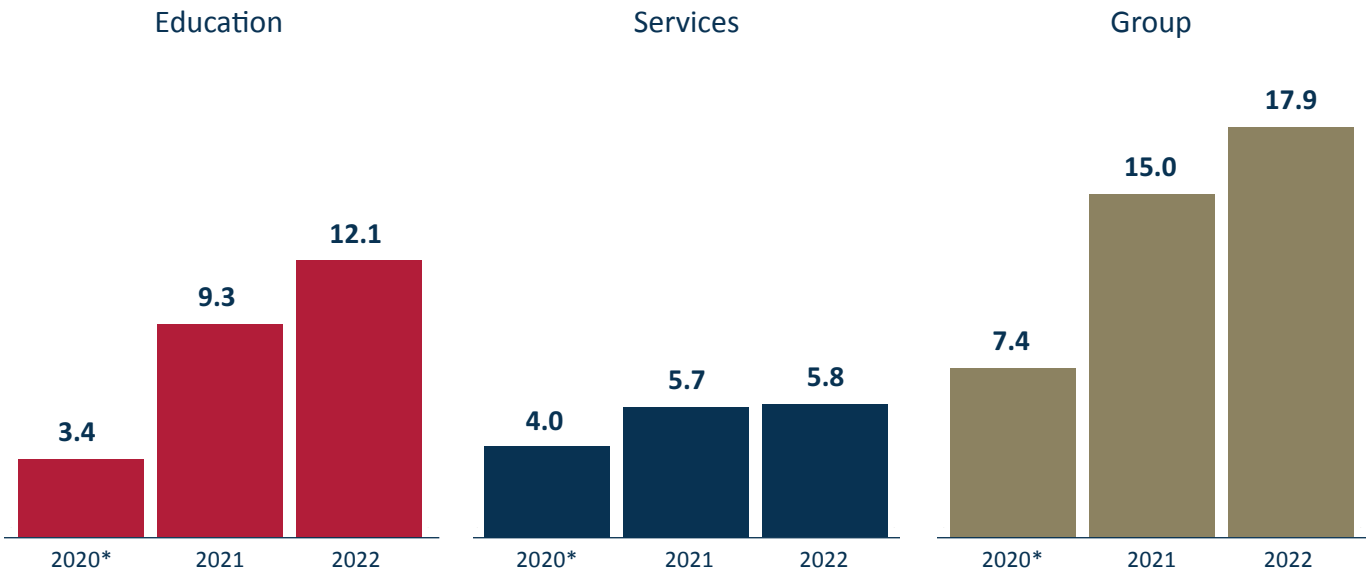
Revenue by Geography



Revenue by Brand



Revenue Evolution by segment (USD in millions)



**Refers to unaudited results for the financial year from 1 October 2019 to 30 September 2020.*

STRATEGIC REPORT

OPERATIONAL HIGHLIGHTS

EDUCATION

- Group revenues from owned and managed Education businesses for FYE 2022 were US$11.9 million and US$0.2 million (FYE 2021: US$8.8 million and US$0.5 million), respectively. The managed business is expected to wind down within FYE 2023, following the completion of services delivered to legacy students.
- As at 30 September 2022, the Group's current and long-term deferred revenue from education businesses representing cash received in advance of performance were at US$7.9 million and US$1.9 million, compared to US$5.2 million and US$0.6 million as at 30 September 2021.
- The Group's Education segment is currently operating the Group's owned businesses and servicing legacy students for the managed business of a related party, comprising:
  i. English language education for children from as young as one-year old through teenagers (Kids&Us), under exclusive licensing agreements entered in FYE 2022 in Vietnam and Myanmar;
  ii. Adult English language learning (Wall Street English) in Vietnam and Myanmar;
  iii. Tertiary education (Auston University) in Myanmar; and
  iv. K-12 international school (Yangon American International School) in Myanmar.
- Through these businesses Asia Strategic provides a wide range of education services to students from nursery up to tertiary education. The Wall Street English language learning centres support the training of the Group's employees and provide synergistic value to the Group.

As at 30 September 2022, the number of centres and students were as follows:

	Number of centres		Number of students	
	2022	2021	2022	2021
Vietnam				
- Wall Street English	7	7	3,800	3,300
- Kids&Us	1	–	50	–
Myanmar				
- Wall Street English	4*	4	3,100	1,900
- Auston	1*	1	500	50
- Yangon American	1	1	55	50
Group	**14***	**13**	**7,505**	**5,300**

** Since October 2022, the number of centres has grown to 19, reflecting the additional openings of 3 Kids&Us centres in Vietnam, 1 Wall Street English centre in Myanmar and 1 Auston satellite campus in Mandalay.*

- In April and August 2022, the Group entered into exclusive franchising agreements 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 and Vietnam, respectively.

  Four Kids&Us centres have opened between September and November 2022 in Ho Chi Min City situated at District 3, District 7, Cao Duc Lan and Su Van Hanh, Vietnam, with over 100 students to date.

  Two Kids&Us centres are planned to be operational in Myanmar by June 2023. No Kids&Us centres were operational in Myanmar in FYE 2022.
- It is worth noting the strong increase in the number of students in Myanmar across all divisions and in particular Wall Street English and Auston. Notwithstanding the complex political and security environment, the Wall Street English and Auston businesses appear to have fully recovered and even exceed their pre Covid-19 performance.
- A decrease in student enrolment was experienced by WSE Vietnam at the end of FYE 2022 due to (i) the strict Covid-19 restrictions imposed in Vietnam between November 2021 and February 2022, and (ii) closures of two language centres for refurbishment during the pre-Covid-19 period to revitalise the centres in preparation for the commercial recovery post Covid-19.



STRATEGIC REPORT

OPERATIONAL HIGHLIGHTS

SERVICES

- Group revenues from owned and managed Services businesses recorded low single-digit growth reaching US$5.8 million (FYE 2021: US$5.7 million), partially due to the weakening of the Myanmar Kyat against the United States Dollar (functional currency) from an average of 1,514 in FYE 2021 to 1,855 in FYE 2022, which impacted the revenues denominated in Myanmar Kyats.
- Through its Services segment, the Group is currently active in (i) owned integrated security services (EXERA), and (ii) managed hospitality services (Ostello Bello).

EXERA

- The Group provides a range of integrated security, risk management, journey management and cash in transit services under the EXERA brand. Acquired by the Group in May 2018, EXERA operates exclusively in Myanmar through an experienced workforce of ca. 1,600 security officers, as at 30 September 2022, supporting a wide range of international and local clients.
- Its customer base includes multi-national corporations, large oil and gas companies, established local businesses and governmental bodies and international organisations such as WFP, UNHCR, UNICEF, the Embassy of the Republic of Singapore and the Delegation of the European Union to Myanmar.
- EXERA follows international process standards including ISO 9001, OHSAS 18000, and ANSI/ASIS PSC 1, and is the only company in Myanmar accredited to the ISO 18788 Management System for Private Security Operations.

OSTELLO BELLO

- Ostello Bello, previously operating within the Hospitality Division, comprises boutique hostels with ca. 300 beds and over 70 rooms in three locations across Bagan, and Mandalay, the most popular tourist destinations in Myanmar.
- The performance of Ostello Bello has been severely impacted by the continued Covid-19 related travel restrictions. In FYE 2022, management decided to discontinue its location in Nyaung Shwe from July 2022, thus reducing the number of beds and rooms managed by the Group. Furthermore, in December 2022 management decided to cease operation in one location in Bagan. The closure of these two outlets does not have a material impact on the Group as operations and management fees were already minimal in both FYE 2022 and FYE 2021.
- To address the continued underperformance of Myanmar's tourism industry and to offset the currently challenging operating environment in Myanmar, the Group 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 and Mandalay. Management takes great pride and acknowledges its role as a responsible long-term investor in these communities.
- Currently, Ostello Bello Mandalay hosts teachers and security personnel, providing safe accommodation and flexibility to ramp up headcount in Mandalay to enable expansion of the Group's Education operations.

OTHERS

- Asia Strategic continues to develop its business network and expand its pipeline within the Group's existing sectors (e.g. Education and Services) and explore new sectors. The Group is currently focused on building a stronger presence on the ground in Vietnam, whilst seeking new opportunities, partnerships and synergistic acquisitions 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 new initiatives.
- As at 30 September 2022, the Group held an investment in the listed equity security of 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. The Group intends to hold the investment for long-term strategic purposes and capital appreciation and therefore designated this investment as financial assets at fair value through other comprehensive income. The investment is carried at fair value based on the quoted bid market price on the last trading day of the reporting date.
- As at 30 September 2022, the Group recorded a fair value adjustment loss in the other comprehensive income of US$0.2 million (FYE 2021: loss of US$0.4 million). As at that 30 September 2022, based on available information, the unaudited net asset value reported by MIL has decreased by 59% percent to US$10.5 million (30 September 2021: US$25.6 million), equivalent to US$0.28 (FYE 2021: US$0.67) per share.



STRATEGIC REPORT

SIGNIFICANT EVENTS AND TRANSACTIONS

1) SETTLEMENT AND TERMINATION OF SHAREHOLDER'S LOANS

On 20 October 2021, the Company entered into a loan re-organisation with the Company's largest corporate shareholder, 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 and the conversion of principal shareholder's Loan Facility 2 amounting to US$2.5 million (Note 18); and

ii. Terminated Loan Facility 2 agreement with the Company with effect from 31 October 2021.

2) CONVERTIBLE NOTES PROGRAMME

On 1 November 2021, the Company launched a Convertible Notes 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").

The Company's existing shareholders 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 18 to the financial statements.

3) ADOPTION OF 2022 EMPLOYEE SHARE OPTION 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. A total of 135,000 share options have been granted under the 2022 ESOS as of the date of this report.

4) EXCLUSIVE AGREEMENT FOR KIDS&US SCHOOL OF ENGLISH IN VIETNAM AND MYANMAR

On 25 April 2022 and 15 August 2022, the Group entered into exclusive franchising agreements 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 and Vietnam, respectively, for a period of 10 years.

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 157,000 students across more than 500 schools in 9 countries. 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 360º 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 these agreements, the Group paid initial fees of US$216,000 for Myanmar and Vietnam (EUR100,000 for each territory) and has committed to pay (i) ongoing service fees as a percentage of revenues, (ii) cumulative opening fees of EUR150,000 within four years from signing of the Vietnam franchising agreement, and (iii) didactic materials based on consumption, among other fees.

The Group established its first four centres in Ho Chi Minh City between September and November 2022 and is planning to open its first two centres in Yangon by June 2023.

5) IMPACT OF CORONAVIRUS ("COVID–19") ON VIETNAM AND MYANMAR

The number of Covid-19 daily cases in Vietnam has been at a manageable level since February 2022, which in turn 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 has largely recovered from Covid-19, with substantially fewer cases reported, and reopened the country to international travel in a bid to bolster international tourism and engage with the international business communities since 1 April 2022.

In support of the respective countries effort to achieve a higher vaccination rate and ensuring the well-being of its employees,

STRATEGIC REPORT

SIGNIFICANT EVENTS AND TRANSACTIONS

the Group on its own accord executed a Covid-19 vaccination programme for all eligible employees. This enabled management to focus firmly on operational improvements, planned expansion and new business opportunities with sufficient preventive measures from past experiences for future disruptions arising from spikes in Covid-19.

As at the date of approval of these financial statements, the number of Covid-19 daily cases across ASEAN remains negligible and no further restrictions are planned. The Group continuously monitor these developments and makes appropriate adjustments to the business operations to ensure resilience and sustainability for each of its operating segment.

6) IMPACT OF THE STATE OF EMERGENCY ON MYANMAR

On 1 February 2021, the Myanmar military announced that it had declared a State of Emergency. In the short aftermath of the military takeover, the Group's businesses were disrupted intermittently due to (i) outages in telecommunication, (ii) imposition of martial law in certain townships, (iii) widespread demonstrations and, subsequently (iv) increased security risks. The political situation is evolving daily, and the outcome and long-term effects remain unclear at this stage.

While the political outlook remains uncertain, economic activity has resumed in the main economic hubs of Yangon and Mandalay. Management continues to monitor several risk factors including:

- The rise of an insurgence campaign resulting in daily explosions and political assassinations across the country;
- The retaliation by the military and other armed forces;
- The disruption of the global and local supply chain, resulting in double digit inflation;
- The weakening of the banking financial system and limited access to cash; and
- Exchange rate volatility and capital controls.

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" or "MMK"), restricting conversion of foreign currencies and limiting offshore remittance.

Subsequently, the CBM announced exemptions and the relaxation of certain measures to Myanmar Investment Committee ("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"), an approved international school qualified for certain foreign exchange control exemptions.

The development of these regulations remains fluid and subject to abrupt changes. The Group continuously monitors any additional announcements or clarifications from the CBM to manage its currency exposure proactively.

7) IMPACT OF THE WAR IN UKRAINE AND TRADE WAR

Countries within emerging Asia are navigating through the recovery of the prolonged pandemic, however the war initiated by Russia against Ukraine fuelled new economic uncertainties and inflationary pressures globally.

Coupled with the trade war between the United States and China, this has also disrupted global supply chains and reduced the availability of certain goods and materials in the countries in which the Group operates.

As the Group's activities are focused on services rather than manufacturing, disruption to the Group's activities has been limited to date. The Group will continuously undertake measured expansion of its existing and future businesses and maintain financial liquidity discipline.

Subject to the impact of foreign exchange fluctuations, 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 has considered the market conditions as at the reporting date in making estimates and judgements on the recoverability of the assets as at 30 September 2022. The significant estimates and judgements applied are disclosed in Note 3 to the financial statements.



STRATEGIC REPORT

COUNTRY-SPECIFIC UPDATES

The Asian Development Bank ("ADB") expects GDP growth in developing Asia of 4.2% in 2022 and 4.6% in 2023, amid mounting challenges regionally and globally. The downward revisions vs. prior estimates (4.3% and 4.9% respectively) are driven by the increased monetary tightening by central banks led by the US Treasury, the Russian invasion of Ukraine and the strict Covid-19 lockdowns in the People's Republic of China.

Inflation in developing Asia in 2022 is likely to reach 4.4% and 4.2% in 2023. While inflation in the region remains lower than elsewhere, supply disruptions continue to push up food and fuel prices.

VIETNAM UPDATES

- Vietnam ended 2021 with a 2.6% GDP growth rate, according to the General Statistics Office of Vietnam, weathering one of the harshest Covid-19 lockdowns in the world during the second half of 2021 from June to October. Demonstrating its resilience, Vietnam is also one of the rare economies to post two consecutive years of growth since the start of Covid-19 globally.
- The ADB forecast gross domestic product growth at 6.5% in 2022 and 6.7% in 2023 reflecting a sharp rebound made possible by Vietnam's high Covid-19 vaccination coverage, quick shift to a more flexible pandemic containment approach/reopening, expanding trade, and the Government's economic recovery and development initiatives.
- The world is experiencing widespread and persistent inflationary pressures due to the effects of Russian invasion of Ukraine and increasing interest rates by US Treasury. IMF forecasts global inflation to peak at 9.5% in 2022 before falling to 4.1% in 2022. In general, among the five economies of the ASEAN-5 region, Indonesia and Vietnam are the two countries that are forecasted by the IMF to have a higher inflation rate in 2023 than in 2022. Specifically, the inflation rate in Indonesia will increase sharply from 4.6% in 2022 to 5.5%. Meanwhile, Vietnam's inflation is forecast to increase only slightly, from 3.8% in 2022 to 3.9% in 2023.
- Vietnam is also expected to benefit from the European Union Vietnam Free Trade Agreement and the Regional Comprehensive Economic Partnership ("RCEP"), agreed by all ten ASEAN countries as well as China, Japan, South Korea, Australia and New Zealand, officially came into force in January 2022. The World Bank forecasts that RCEP could drive GDP to increase by 1.5% for Vietnam.
- Vietnam continues as the preferred destination of multiple supply chain and manufacturing relocations, due to strong economic fundamentals and a favourable foreign investment environment when compared with neighbouring countries. Vietnam is also the next best alternative to China for global manufacturers to diversify and shelter from the on-going China-US trade war.
- 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, Luxshare, and Lego since 2019 highlight this trend. In recent years, Vietnam has emerged as a leading hub for manufacturing of electronics in Southeast Asia. The computer and electronics products gross value has increased from US$67.9 billion in 2015 to US$119.9 billion in 2020 with CAGR of ca. 18%
- Vietnam is the 15th most populous country in the world and is amongst the countries with the highest population density. Vietnam is also is experiencing rapid demographic and social change as its population is forecasted to grow from 98 million today to 120 million by 2050. Based on the 2021 Population Census Report by the General Statistic Office of Vietnam, 56% of the population is under 35 years old, with a life expectancy of 76 years, the highest among countries in the region at similar income levels. Vietnam's emerging middle class is approximately 13% of the population and is expected to reach 26% by 2026.
- Vietnam was rated as a country with moderate English proficiency and ranked 60 Globally based on EF English Proficiency Index ("EF EPI"). The EF EPI index was derived from the surveys conducted by EF Education First, a Swedish education company, analysing the results of 2.1 million non-native English speakers who took their EF SET English tests in 2021 across 111 countries and regions. The list, EF English Proficiency Index (EF EPI) 2022, divided countries into different bands from "Very high proficiency" to "Very low proficiency".



STRATEGIC REPORT

COUNTRY-SPECIFIC UPDATES

MYANMAR UPDATES

- Since 2020, the compounded effects of the Covid-19 pandemic, the proclaimed State of Emergency and global inflation have reversed the development gains since the democratic reform process started in 2011. The World Bank reported in 2022 that poverty is estimated to have doubled compared to March 2020, with ca. 40 percent of the population is estimated to be living below the national poverty line, undoing a decade of progress in poverty reduction.
- The World Bank's Myanmar Economic Monitor report in July 2022 projects economic growth of 3.0% 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 Russian war against Ukraine has caused additional economic uncertainties and inflationary pressures globally exacerbating the economic issues.
- Myanmar's economy has faced a series of external and internal disruptions which have impeded recovery from the large contraction in economic activity last year.
- 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, restricting conversion of foreign currencies and limiting offshore remittance. The immediate impact was further weakening of the Kyat and sharp rise in the prices of imported goods, prices of fuel with corresponding increase in transportation cost and other basic items.
- The World Bank reported a spike in inflation that has disrupted the operations of all businesses. The latest available data indicate that CPI inflation increased to 17.3 percent YOY in March 2022.
- Whilst Myanmar navigates through the headwinds, certain sectors have stabilised or recovered over the past twelve months driving modest growth. Some firms have reported operating at a higher proportion of their capacity in 2022 than was the case in 2021, particularly in the manufacturing sector, and manufactured exports are recovering.
- Construction activity and work on several projects have resumed after a long pause last year, and the pipeline of issued permits has grown. A rise in mobility at workplaces, retail outlets, and transport hubs have supported overall activity, although indicators of consumer spending are weak.
- However, industries reliant on domestic demand are facing challenges from lower household incomes and rising prices of daily necessity, while agricultural production remains constrained by increased input prices, transport disruptions, and ongoing conflict.
- 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.
- The economic outlook is uncertain, with a wide range of possible scenarios. Any future recovery in domestic activity will likely be contingent on improvement in the political situation and a rebound in mobility and the restoration of key services, including financial services. The trade and foreign investment outlook will depend on the reactions of international investors and governments.



STRATEGIC REPORT

COMPANY OVERVIEW: MYANMAR

EDUCATION (SINCE 2H'16)

WSE – JUNCTION SQUARE (YANGON)
- Launch date: Feb'17
- Size: 800 sqm

WSE – CITY MALL ST. JOHN (YANGON)
- Launch date: Dec'17
- Size: 600 sqm

WSE – MYANMAR PLAZA (YANGON)
- Launch date: Aug'18
- Size 350 sqm

WSE – MINGALAR MANDALAY (MANDALAY)
- Launch date: Feb'20
- Size: 550 sqm

WSE – TERMINAL M (YANGON)[1]
- Launch date: Oct'22
- Size: 280 sqm

AUSTON – JUNCTION SQUARE (YANGON)
- Launch date: May'18
- Size: 1,000 sqm
- Strategic collaboration with Auston Institute of Management
- Partnership with Liverpool John Moores University

AUSTON – MINGALAR MANDALAY (MANDALAY)[1]
- Launch date: Oct'22
- Size: 260 sqm

YANGON AMERICAN INTERNATIONAL SCHOOL
- Launch date: Jun'19
- MIC approval: Apr'19
- IB-PYP accreditation: Jul'21

HOSPITALITY (SINCE 2H '14)

OSTELLO BELLO MANDALAY
- Launch date: Jul'16

Beds # 154
Rooms # 37

OSTELLO BELLO BAGAN POOL
- Launch date: Nov'17

Beds # 42
Rooms # 13

OSTELLO BELLO BAGAN[2]
- Launch date: Dec'14

Beds # 112
Rooms # 27

OSTELLO BELLO NYAUNG SHWE[3]
- Launch date: Oct'16

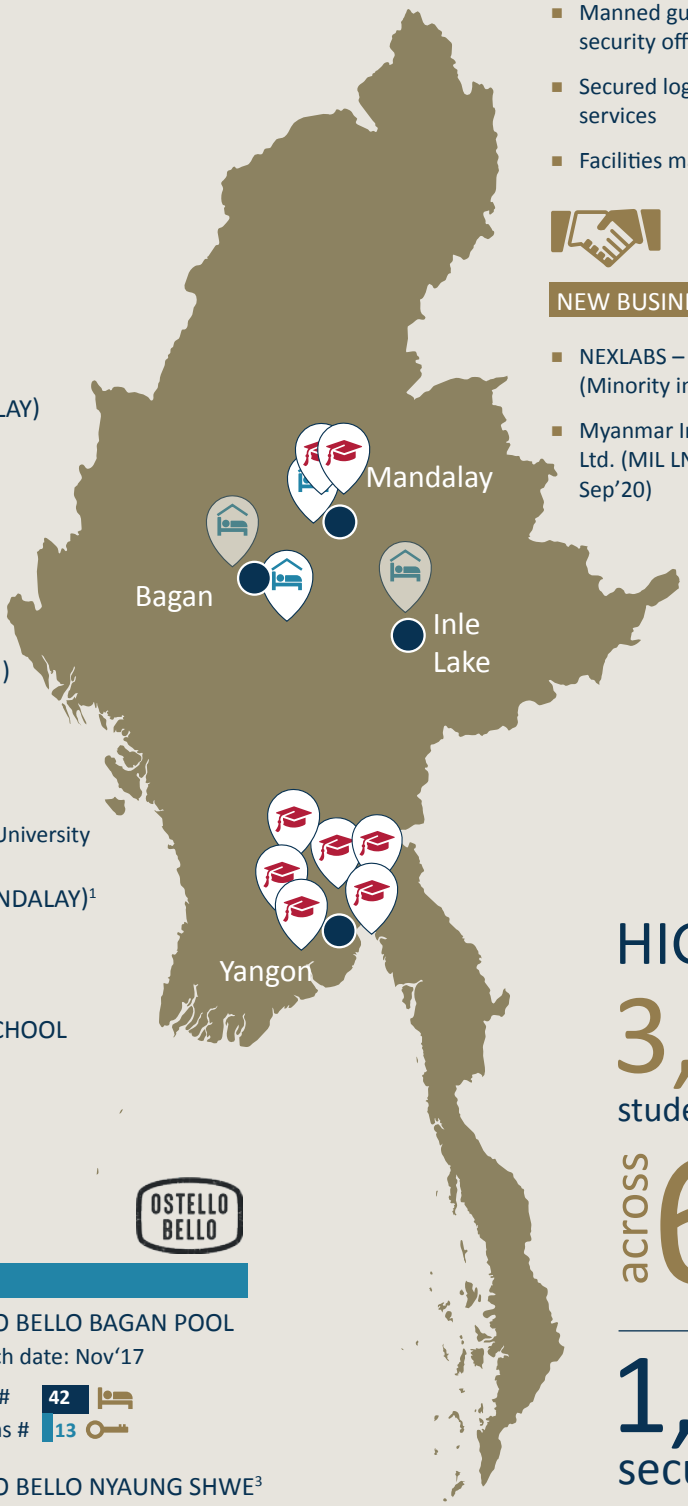
Beds # 150
Rooms # 31

SERVICES (ACQUIRED IN 1H'18)

- Manned guarding services: 1,600+ security officers across 200+ sites
- Secured logistics and cash in transit services
- Facilities management

NEW BUSINESS DEVELOPMENT

- NEXLABS – digital consultancy firm (Minority investment, May'18)
- Myanmar Investments International Ltd. (MIL LN – Minority investment, Sep'20)



HIGHLIGHTS

3,650+ students as at Sep'22

across **6** English centres & schools

1,600+ security officers

1st Myanmar firm listed on LSE Main Market

[1] Opened after the end of the financial year. [2] Closed in Dec'22. [3] Closed in Jul'22.

Note: The chart above includes all schools operating as at Jan'23.

STRATEGIC REPORT

COMPANY OVERVIEW: VIETNAM

EDUCATION (ACQUIRED WSE VIETNAM IN 2H'20)

WSE – LQD, D3 (HCMC)
- Launch date: May'13
- Size: 1,000 sqm

WSE – HV, D5 (HCMC)
- Launch date: Aug'14
- Size: 830 sqm

WSE – CH, TANH BINH (HCMC)
- Launch date: Mar'14
- Size: 500 sqm

WSE – BDD (BINH DUONG)
- Launch date: Feb'19
- Size: 700 sqm

WSE – VIVO, D7 (HCMC)
- Launch date: Apr'15
- Size: 500 sqm

WSE – VTD, THAO DIEN (HCMC)
- Launch date: Apr'16
- Size: 900 sqm

WSE – PVT, GO VAP (HCMC)
- Launch date: Aug'16
- Size: 500 sqm

K&U – Nguyen Thi Thap, D7 (HCMC)[1]
- Launch date: Sep'22
- Size: 950 sqm

K&U – Cityland Park Hills, Go Vap (HCMC)[1]
- Launch date: Oct'22
- Size: 700 sqm

K&U – Cao Duc Lan, Thu Duc City (HCMC)[1]
- Launch date: Oct'22
- Size: 300 sqm

K&U – Su Van Hanh, D10 (HCMC)[1]
- Launch date: Nov'22
- Size: 500 sqm

[1] Opened after the end of the financial year.

HIGHLIGHTS

3,850+
students as at Sep'22

across **8** English centres & schools



Note: The chart above includes all schools operating as at Jan'23.

STRATEGIC REPORT

CHAIRMAN'S STATEMENT



MISSION AND STRATEGY

Asia Strategic's mission is to *"grow sustainable businesses in emerging Asia through patient and committed capital"* in line with our purpose of *"empowering communities in emerging Asia."*

Our strategy is to identify, seed, acquire and grow tech-enabled consumer businesses in emerging Asia, that address core needs and have the potential to grow into regional and global champions.

Since the Company's inception, our focus has been on building committed and experienced management teams capable of starting and growing businesses, while benefiting from the growth of ASEAN economies. While the Group's Hospitality operations remain severely affected by Myanmar's State of Emergency, the Education and Services businesses have thrived and are generating synergies across the respective products and businesses. We are confident that our growth will continue both organically and through acquisitions.

Focused diversification is and will remain at the core of our strategy as it allows Asia Strategic to stabilise its expected growth, while simultaneously capitalising on the opportunities currently available in emerging Asia. While the Covid-19 global pandemic continued to present significant challenges to the Group during FYE 2022, the transformational acquisition of WSE Vietnam in 2020 was a key strategic milestone for Asia Strategic as it provided geographical diversification and exposure to one of the most attractive and fast-growing markets in ASEAN. Building on our knowledge in the education sector and the Group's transversal capabilities, we have acquired the exclusive franchising rights to Kids&Us School of English in Vietnam and Myanmar and opened our first four centres in Vietnam.

BOARD'S RESPONSIBILITY

The Board is fully aware of its responsibility to ensure that all our businesses operate in a manner that reflects our corporate and social responsibility to all of our stakeholders. We target sectors that positively contribute to the overall development of the countries in which we operate, enabling jobs and alleviating poverty, and within these sectors we aim to build businesses that embody the best business, environmental, social and governance practices.

The ongoing political upheaval in Myanmar has once again brought to light the importance of responsible business dealings. Before engaging with any customer, the Group conducts extensive diligence checks on the counterpart's activities, ownership and business associates. Group-wide know-your-client ("KYC") and anti-bribery trainings are conducted routinely and for all new employees.

Throughout the Covid-19 pandemic, our team remained on the ground in Myanmar and implemented several initiatives aimed at containing the potential spread while continuing to successfully service our customers across over 200 sites. Furthermore, Asia Strategic's management facilitated the sharing of best practices and medical knowledge between Myanmar's front-line medical personnel and an international task force composed of Italian and American doctors. With the kind support of Pun Hlaing Hospitals, most of our eligible workforce was vaccinated.

The Board and the Group's management actively promote sustainability and diversity as we believe it is a core strategic advantage that will enable the Group to maintain its leading competitive position in the future. Equal opportunities are promoted across the Group and we are proud to report that female representation across our workforce is over 63% (excluding EXERA's security officers). We are also actively looking to increase female representation and overall diversity within the Board of Directors.

Training programmes are being implemented across the Group to foster an environment where talent can emerge and flourish. We are proud to report that the local workforce represents over 96% of Asia Strategic's workforce.

OUTLOOK

In FYE 2022, Asia Strategic remained focused on:

i. the recovery of all the Group's operation post Covid-19;
ii. the reorganisation of WSE Vietnam;
iii. the stabilisation of the Myanmar businesses throughout a serious of exogenous shocks; and
iv. the launch of Kids&Us in Vietnam.

In FYE 2023, management shall be concentrated on organically growing the Group's Education and Services businesses regionally, including Kids&Us in both Vietnam and Myanmar, together with complementary acquisitions. The Group will continue to pursue its asset-light strategy while increasing the portfolio of businesses owned and under management.

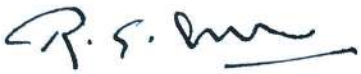
WORDS OF APPRECIATION

Thanks to the hard work and personal sacrifices of all our employees, the Group's operations have strengthened, leading to a positive operating cash flow for FYE 2022, notwithstanding a highly volatile trading environment.

Asia Strategic's management has gained valuable knowledge and experience as a result of the adversities faced since early 2020 and I can confidently claim that Asia Strategic is building one of the most committed and aligned management teams in emerging Asia.

This will enable us to evaluate and approach investment opportunities with a unique strategic and data-driven angle, leveraging groupwide capabilities and further differentiating Asia Strategic from the other providers of capital and/or technical expertise in those countries.

The Board would like to take this opportunity to thank our shareholders for their continued support and encouragement, and our staff, partners and customers for their relentless commitment, effort and support throughout these unprecedented times.



RICHARD GREER
Independent Non-Executive Chairman
30 January 2023

REVIEW OF OPERATIONS

FOCUS ON EDUCATION

7,500+ STUDENTS ACROSS TWO ASEAN COUNTRIES



The Group's objective is to become one of the leading private operators of educational institutions in emerging Asia, through the identification of opportunities and expansion in the sector.

Within its Education segment, the Group is currently active in (i) adult English language learning (Wall Street English), (ii) tertiary education (Auston), (iii) K-12 international school (Yangon American), and (iv) English language education for children from as young as one-year old through teenagers (Kids&Us).

The Group generates student revenues from the businesses it owns and operates. The fees paid by students are typically variable depending on the type, duration of the services purchased to the customer and course intake.

Furthermore, the Group generates revenues through management fees, technical assistance fees and other one-off fees ("Fees to the Group") from the operations it manages. In FYE 2022, such fees were in respect of support services rendered to legacy students of a related party.

Wall Street English Vietnam

Wall Street English Vietnam ("WSE Vietnam") caters to the premium English Language Training market, focusing exclusively on adult learning, and offers its services through a flexible and integrated blended learning solution that can be delivered entirely online.

WSE Vietnam owns and operates seven English language retail centres in Ho Chi Minh City and Binh Duong. The centres operate under 10-year Centre Franchise Agreements with Wall Street English International on terms similar to those in place for WSE Myanmar.

In July 2020, the Group completed the acquisition of WSE Vietnam for a nominal consideration, resulting in a carried-forward goodwill of US$4.7 million as at 30 September 2022.

In FYE 2022, WSE Vietnam generated revenues to the Group of US$7.4 million (FYE 2021: US$7.5 million). It is worth noting that in FYE 2022, WSE Vietnam accounted for approximately 41% of the total Group's revenue for the year, which emphasises the importance of Vietnam as a key growth market for the Group and mitigates the concentration of revenue risk from a single source country.

Management routinely conducts in-depth studies to assess further growth opportunities for WSE Vietnam through opening of new centres within Ho Chi Minh City and other major cities such as Hanoi.

Wall Street English Myanmar

Wall Street English Myanmar ("WSE Myanmar") caters to the premium English Language Training market, focusing exclusively on adult learning, and offers its services through a flexible and integrated blended learning solution that can be delivered entirely online.

WSE Myanmar owns and operates five English language retail centres across Yangon and Mandalay. The fifth centre was only established in October 2022 and did not contribute to FYE 2022.

In FYE 2022, WSE Myanmar generated revenues to the Group of US$3.2 million (FYE 2021: US$0.7 million) and fees to the

REVIEW OF OPERATIONS

FOCUS ON EDUCATION

Group of US$0.2 million (FYE 2021: US$0.5 million) from its Managed businesses. In the next financial year, the Group is expected to generate revenues solely from its Owned business on completion of services to the legacy students.

Management continues to assess further growth opportunities for WSE Myanmar in order to meet the average development targets stated under the area development agreement with Wall Street English International of approximately one new centre per year up to a total of ten centres. Further sub-franchising opportunities in Myanmar will be evaluated in due course.

During the Covid-19 restrictions, Wall Street English quickly adapted to the new environment and launched the Wall Street English online solution and digital classroom. While instrumental during lockdown periods, these solutions are critical to further expand the addressable market through nationwide coverage. Moving forward, Wall Street English shall leverage on the franchisor's teachers to deliver services to students remotely. This enables WSE Myanmar to achieve higher student to teachers ratio, reduce fixed staff costs and improve flexibility for future expansion.

From an operational perspective, we are proud to report that, notwithstanding several lockdowns and restrictions, both WSE Myanmar and WSE Vietnam continue to rank as top countries in the Wall Street English network in terms of student progress.

Student satisfaction is key to establishing Wall Street English as the leading premium English language education provider for adults.

Auston

Auston is the result of a strategic collaboration signed in April 2018 between Asia Strategic and 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.

Its first campus opened in Yangon in May 2018 covering over 1,000 sqm and has expanded to Mandalay since October 2022. The initial product portfolio included foundation programmes and diplomas in Infrastructure & Networks, Mechanical Engineering, Engineering Technology and Construction Project Management.

In February 2020, the Company announced a partnership with Liverpool John Moores University ("LJMU") to provide high quality engineering training programmes for young, working professionals in Myanmar. The partnership with LJMU is a significant milestone for Auston in offering students a path towards an engineering degree and providing globally recognised degrees in Myanmar and that by lecturers with, at a minimum, a master's degree or a PhD from a recognised awarding body.

Auston's programmes are often packaged together with WSE Myanmar services to provide students a platform to achieve a high level of English proficiency and ensure they are qualified for leading roles at local and international companies. Auston's campuses are in close proximity of WSE Myanmar's learning centres, which provides added convenience to the students. The WSE Myanmar collaboration complements other education businesses and creates synergies within the Group.

In FYE 2022, Auston recorded accounting revenues of US$0.5 million (FYE 2021: US$0.01 million) and deferred revenues of ca. US$0.7 million (Sept'21: US$0.1 recognised in FYE2022), which will be realised within the next financial year and US$0.3 million in FYE 2023.

As of 31 December 2022, the number of enrolled students at Auston has grown exponentially to over 500 (FYE 2021: ca.50) and the cumulative contract value increased by US$1.6 million (31 December 2021: US$0.5 million). High cumulative contract value indicates potential unbilled receivables and accounting revenues, which will realise in the near future when courses are delivered to the students over the course period/intake.

The strong revenue and student growth is predominantly due to students seeking globally recognised diplomas/degrees in Myanmar to further their studies abroad in search of better job opportunities locally and abroad.



REVIEW OF OPERATIONS

FOCUS ON EDUCATION

Yangon American

In April 2019, the Group received an investment permit from the MIC to own and operate its first international school, Yangon American International School ("Yangon American"). The permit is granted under the 2016 Investment Law, following the issue of MIC Notification No. 7 of 2018 for carrying out investment activities in education services and private international schools.

Yangon American, which commenced operations in August 2019, with planned capacity of up to 400 students, is positioned as a leading K-12 school. The school is centrally located and only 4 km from Asia Strategic's educational hub of WSE Myanmar and Auston in Junction Square. It has 17 classrooms spread over 2,000 sqm, plus a multi-use playground of more than 1,000 sqm.

Yangon American operates classes from nursery through fifth grade, serving students from the age of 2 to 11 with revenues for Asia Strategic being generated from student fees, admission fees and ancillary services.

Despite the Covid-19 temporary closures and State of Emergency, Yangon American maintained student enrolment of over 50 students for Academic Year 2021/2022 with a mixture of foreign and local student support.

In July 2021, Yangon American was fully accredited to offer the International Baccalaureate Primary Years Programme ("IB PYP") and is able to leverage the accreditation to secure more students and compete with other international schools. Yangon American's application to receive the Western Association of Schools and Colleges ("WASC") certification is in progress.

For FYE 2022, Yangon American generated revenues of US$0.8 million (FYE 2021: US$0.6 million). Yangon American is still in a development phase building its academic credentials and student enrolment towards capacity.

Kids&Us Vietnam and Myanmar

On 25 April 2022 and 15 August 2022, the Group entered into exclusive franchising agreements 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 and Vietnam, respectively, for a period of 10 years.

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 157,000 students across 500 schools in 9 countries. 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 360º Universe provides an endless range of activities and stimulating opportunities to continue learning.
  - Products created by Kids&Us include books, boardgames, etc.
  - Apps, online homework exercises and electronic devices.

The Group established its first four centres in Ho Chi Minh City between September and November 2022 and is planning to open its first two centres in Yangon by June 2023. No revenues were recorded in FYE 2022.



REVIEW OF OPERATIONS

FOCUS ON **SERVICES**

1,600+ SECURITY OFFICERS OVER 200 SITES

The Group's objective is to become one of the leading risk management partners for companies and organisations operating across emerging Asia.

EXERA was founded in 2012 and was acquired by the Group in May 2018 for US$2.2 million, resulting in goodwill of US$1.4 million. EXERA provides risk management, consulting, integrated security, manned guarding, secure logistics and cash in transit services to a wide range of international and local clients across Myanmar. EXERA is seeking to grow organically and through synergistic acquisition of other security related businesses within the emerging Asia to build its capacity and ability to service customers in key growth sectors.

As the business is fully owned, the Group generates revenues through the provision of security services to its clients. Typical contracts have a term of 1-3 years with predictable monthly revenues, particularly for core manned guarding services.

Risk management services are also provided either on a consulting or yearly subscription. EXERA publishes Security Information Reports ("SIRs") that support the security-related decision making of its customers. The circulation of SIRs has sustained demand because of Covid-19 and the riskier operating environment in Myanmar.

For FYE 2022, EXERA's revenues growth slowed to low single-digit yielding US$5.8 million (FYE 2021: US$5.7 million), partly balancing the 44% YOY growth in FYE 2021.

Protection of Assets and People

As of 30 September 2022, EXERA had an experienced workforce of over 1,600 (Sept'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 across ca. 200 sites (Sept'21: 170 sites).

EXERA's customer base includes internationally recognised and high credit worthy customers such as 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.

EXERA's Security Officers are highly trained in accordance with the guidelines from the British Security Industry Association. Furthermore, EXERA strives to achieve excellence in its systems and processes and has been awarded ISO 9001, OHSAS 18000 and ASNSI/ASIS PSC 1 accreditations. EXERA is also the only company in Myanmar accredited to "ISO 18788 Management System for Private Security Companies". These accreditations are the hallmark of a company intent on delivering high quality services for the benefit of our customers.

Secured Logistics and Cash in Transit

EXERA provides a number of customers with English speaking security-trained drivers and vehicles on a long-term contract basis. Our services include emergency management and crisis intervention designed to help our clients in the event of a serious accident, medical emergency or natural disaster.

EXERA was one of the very first international providers of cash in transit ("CIT") services in Myanmar. EXERA's CIT services are fully insured from pick-up to drop-off and are executed by a highly trained team including an operations manager and Cash Escort Officers.

Our CIT operations are continuously monitored by EXERA's 24/7 command centre. This combination of international standards with local expertise and knowledge makes our team perfectly tailored to conduct CIT operations in Myanmar. The team's training and knowledge spans all elements of CIT services, including equipment and vehicle use, standard operating procedures and fail-safe systems designed to prevent theft and thwart any attempted robberies.

EXERA is in regular discussion and continuously seeking partnership with a number of financial institutions to evaluate transformational outsourcing opportunities in relation to cash management and movement services.

Facilities Management and Other Services

EXERA's strategy is to develop new services that differentiate it from its competitors, build barriers to entry and provide a wider range of support services to existing and new customers. As part of this strategy, EXERA is developing a comprehensive facilities management capability. EXERA is now providing Facility Management services to the Yangon American International School, selected embassies and businesses within the wider Asia Strategic Group.

Managed Hospitality business

Ostello Bello, a managed business previously operating separately within the Hospitality segment, comprises boutique hostels with ca. 300 beds and 70 rooms in three locations across Bagan and Mandalay, the most popular tourist destinations in Myanmar.

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 discontinued its location in Nyaung Shwe from July 2022, thus reducing the number of beds and rooms managed by the Group. Furthermore, in December 2022, management decided to cease operation in one location in Bagan. The closure of these two outlets does not have a material impact on the Group as operations were already minimal in both FYE 2021 and FYE 2022.

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.

STRATEGIC REPORT

SUMMARY



I am very pleased to report that over the financial year ended 30 September 2022, Asia Strategic has continued to achieve double-digit growth while strengthening its operations, in a complex social, economic and political environment both locally and internationally.

As the Covid-19 related restrictions were gradually lifted from November 2021 in Myanmar and February 2022 in Vietnam, the Group has experienced a material 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 (+30% YOY) and Services (+2% YOY), notwithstanding the strong currency devaluation in Myanmar, 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.

In the medium term, global inflation and supply chain shortages will likely result in a reduction of disposable income and hinder discretionary spending, particularly in Myanmar.

On the other hand, the Group remains focused on sectors that are less correlated with the broader economy, such as Security Services, or that address core needs, such as Education. This allows Asia Strategic to 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.



Enrico Cesenni, OSI

Chief Executive Officer

30 January 2023

STRATEGIC REPORT

FINANCIAL REVIEW

The Group revenues from the owned and managed businesses grew by 19% to US$17.9 million (FYE 2021: US$15.0 million), despite (i) the political headwinds in Myanmar, (ii) the effects of global inflation, (iii) the Covid-19 restrictions in the first half of FYE 2022, and (iv) the currency devaluation in Myanmar.

All Education businesses recorded a strong rebound in revenue, except for WSE Vietnam which remained flat due to Covid-19 related closures in late 2021. It is worth highlighting the strong performance of the Education businesses in Myanmar as students increasingly seek access to global opportunities and quality products.

The Services segment recorded only a moderate growth due to the contraction of the economy in Myanmar and the impact of the FX devaluation on the MMK-denominated revenue. It is worth noting that FYE 2022 revenues remained substantially higher than FYE 2020, at US$5.8 million and US$3.9 million respectively.

		2022	2021	2020
		Audited	Audited	Unaudited
	Brand	US$	US$	US$
Owned businesses				
Services	EXERA	5,794,603	5,664,019	3,933,477
Education		11,876,265	8,810,457	2,353,975
- English language learning	WSE (Vietnam)	7,391,025	7,479,035	1,983,834
- English language learning	WSE (Myanmar)	3,204,937	734,606	-
- International school (K-12)	Yangon American	804,396	567,982	370,141
- Tertiary education	Auston	475,907	28,834	-
Managed businesses				
Education (Legacy)		236,006	497,849	998,288
- English language learning	WSE (Myanmar)	235,363	485,819	998,288
- Tertiary education	Auston	643	12,030	-
Services (previously Hospitality)	Ostello Bello	-	13,712	90,000
Total group revenue		**17,906,874**	**14,986,037**	**7,375,740**

RESULTS OF OPERATIONS

The 19% YOY increase in Group revenues to US$17.9 million (FYE 2021: US$15.0 million) reflects the impact of (i) a strong recovery in Myanmar's education businesses (+158% YOY), (ii) EXERA's moderate growth (+2% YOY), following stronger growth in the prior years, and (iii) the muted performance of Vietnam's education business (-1% YOY) impacted by Covid-19 related closures in late 2021.

Group gross profit for year was US$8.0 million (FYE 2021: US$4.5 million), a marked increase in both absolute (+77% YOY) and relative terms (45% in FYE 2022 vs 30% in FYE 2021). The notable improvement in gross profit margin was attributable to (i) higher rate of renewal / new student contracts secured for across all Education businesses leading to the recovery of Myanmar's revenues, (ii) the shift to a more profitable product mix, and (iii) further cost efficiencies across all segments.

STRATEGIC REPORT

FINANCIAL REVIEW (CONTINUED)

	2022 Audited US$	2021 Unaudited US$
Revenue	17,906,874	14,986,037
Cost of services	(9,924,470)	(10,466,705)
Gross profit	**7,982,404**	**4,519,332**
Gross profit margin	*45%*	*30%*
Other income	80,711	70,350
Foreign exchange (loss)/gain	(972,259)	767,833
Administrative and other operating expenses	(12,176,613)	(10,320,565)
Loss from operations	**(5,085,757)**	**(4,963,050)**
Finance cost	(862,678)	(999,992)
Loss before income tax	**(5,948,435)**	**(5,963,042)**
Income tax (expense)/credit	(33,646)	114,688
Loss for after income tax	**(5,982,081)**	**(5,848,354)**
Selected non-cash items:		
Total depreciation of plant and equipment	436,363	419,057
Total amortisation of right-of-use asset	2,694,870	2,560,875
Total amortisation of intangible assets	74,342	113,684
Impairment of trade and other receivables	15,453	1,004,384
Reversal of impairment of intangible assets	(30,000)	-
Finance costs (excluding interest on lease liabilities)	115,890	243,547
Total interest on lease liabilities	754,370	756,445
	4,061,288	5,097,992
Adjusted EBITDA[1]	**(1,887,147)**	**(865,050)**
Adjusted EBITDA after impact of ROUs[1]	**(5,336,387)**	**(4,182,370)**

[1] Key performance of the Group is measured, among others, based on (i) earnings before interest, income tax, depreciation and amortisation ("Adjusted EBITDA"), and (ii) Adjusted EBITDA less amortisation of right-of-use assets and interest on lease liabilities ("Adjusted EBITDA after impact of ROUs").

Revenue growth (+19% YOY) and improvement in gross profit margin (+77% YOY) was partially offset by the increase in administrative and other operating expenses (+24% YOY excluding depreciation and amortisation), (i) foreign exchange loss, linked to the adverse foreign exchange movements due to the weakening of the Myanmar Kyat against the United States Dollar (functional currency) from an average 1,514 in FYE 2021 to 1,855 in FYE 2022, which resulted in a net loss of US$1.0 million (FYE 2021: gain of US$0.8 million), (ii) ramp up of marketing activities coupled with higher cost due to the strengthening of USD (e.g. Facebook/Google), and (iii) higher employee benefit expenses (e.g. additional headcount for expansion, extensive vaccination campaigns, insurance and bonus).

Direct and indirect Full Time Employees ("FTEs") increased to ca. 2,310 (Sep'21: 2,280). The additional headcount was mainly due to the new Vietnam Kids&Us business segment and the ramping up of Education operations across Vietnam and Myanmar.

STRATEGIC REPORT

FINANCIAL REVIEW (CONTINUED)

LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2022, the Group's cash and cash equivalents amounted to US$2.0 million, compared to US$2.2 million as at 30 September 2021.

The Group recorded positive cash flows generated from operating activities of US$3.6 million, compared to cash outflows from operating activities of US$1.2 million FYE 2021. This is mainly due increase in contract liabilities of US$4.1 million (FYE 2021: US$0.6 million) arising from higher renewals/new student contracts secured and collections from WSE Myanmar and Auston, whereby 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 adjusted cash inflow from operating activities of US$0.7 million (includes US$0.2 million prepayment of a lease).

In FYE 2022, the Group incurred capital expenditures of US$1.7 million (FYE 2021: US$0.2 million) mainly on leasehold improvements for the (i) relocation and space optimisation of three English language centres in Vietnam, (ii) the opening of four new Kids&Us Centres in Vietnam, and (iii) a new Wall Street English centre in Yangon (Terminal M) and (iv) the expansion of the Auston campus in Myanmar. Such investments are planned expansion to capitalise on the reopening from Covid-19 restrictions and is expected to further enhance the Group's commercial success post Covid-19 and set it apart from its competitors.

On 25 April 2022 and 15 August 2022, the Group entered into exclusive franchising agreements 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 and Vietnam, respectively for a period of 10 years. Under the terms of these agreements, the Group paid initial fees of US$0.2 million for Myanmar and Vietnam.

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$2.1 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 (FYE 2021: drawdown of US$2.3 million, net of repayments).

Increase in repayment of lease liabilities by US$1.1 million is mainly due to (i) prepayment of annual lease for Yangon American for Calendar Year 2023, (ii) new leases relating to marketing billboards for Auston/Wall Street English/Kids&Us, and (iii) lease of Exera's new corporate office.

Cash and cash equivalents ended at US$2.0 million on 30 September 2022 (Sept'21: US$2.2 million), close to the previous year despite large loan repayments and capital expenditures for enhancement and expansion of education centres/campuses. As at the date of this report, as part of risk management, cash balances are predominantly located in Singapore to mitigate country and credit risk exposures.



STRATEGIC REPORT

FINANCIAL REVIEW (CONTINUED)

DIVIDENDS

The Board of Directors does not recommend payment of dividends for the financial year ended 30 September 2022 as the Group needs to conserve cash for working capital and future expansion.

WORKING CAPITAL

The Board of Directors has carried out a detailed review of the cash flow forecast of the Group of at least 24 months from the financial year ended 30 September 2022. The cash flow forecast has been prepared with consideration of timing, extent of future recovery from Covid−19 and Myanmar's State of Emergency and other available information of the future at the end of the reporting period.

Given the uncertainty of these events, the Group conducted extensive stress−testing on the various possible impacts on the financial performance and cash flows of the Group and the length of time it will take for operational activities to recover from these effects according to business segments and countries the Group operates.

Appropriate adjustments were made to the estimates and judgements applied on the future prospects and timing of future recovery with consideration of several other factors such as the general macroeconomic environment and initiatives within the control of the Group.

The Directors have evaluated that there are sufficient mitigating actions within their control, such as a significant reduction of operational activities of non−profitable business segments and a reduction of discretionary expenditures to manage operational cost. Other key considerations in the assessment, amongst others, include:

a. Access to a credit facility of US$1.5 million from Loan Facility 1 with MACAN expiring in 30 June 2024 as disclosed in Note 18 of the financial statements, for working capital purposes and provides flexibility for fulfilment of future expansion plan;

b. The MACAN shareholder's loan Facility 1 is due to expire in June 2024, at which date the forecasts anticipate that the Group will have sufficient cash reserves to repay the outstanding amount. MACAN has confirmed that it would not seek repayment of the facility unless the Group has sufficient cash flows available;

c. Undertaking by MACAN, the Company's largest shareholder, not to demand repayment for the loan (Note 18) within the next 12 months from the date of approval of the financial statements for the financial year ended 30 September 2022;

d. Positive working capital as student fees in the Education business segments are generally collected 1 to 12 months (FYE 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. Refer to Note 4 of the financial statements for further details;

e. Limited variance of the actual cash flow and forecasted cash flow of the Group for the period subsequent to the year end up to the date of these financial statements.

f. Higher operational flexibility and lower fixed costs by utilising franchisor's teachers chargeable based on actual usage with no minimum volume requirements; and

g. No future cash outflows arising from the mandatory conversion of the convertible notes (Note 22) as these CN will be converted entirely in the ordinary shares of the Company.

It is also worth noting that the Education businesses in Myanmar have exceeded its revenue volumes of pre-Covid-19 levels and EXERA was able to sustain a high revenue level and a single digit growth. Management expects this trajectory trend to continue for the foreseeable future.

The Vietnam operations have shown improvements in the second half of FY2022 and future improvement is expected, given Vietnam's further improvement in economic recovery from Covid-19 due to high foreign direct investments and relatively lower inflation than other developing countries.

Therefore, as at the date of this report, the Group has adequate financial resources to cover its working capital needs for the next 12 months.

OUTLOOK

Management is focused on growing organically the Company's Education and Services businesses through partnerships with globally recognised franchises and continues to actively consider complementary acquisitions. The Group will continue to pursue its asset light strategy and increase the portfolio of businesses owned.

Management will also continue to build and train human resources to sustain and accelerate the Group's growth. Operational and financial sustainability are key strategic priorities communicated throughout all levels within the organisation.

Through effective cash management, operational activities of non−profitable business segments will be minimised and profitability from business segments with strong profitability will be reallocated to supplement business segments in expansionary phase. Accordingly, the Group may rely less on external financing and instead finance its organic growth.

The Board and management continue to remain positive on the overall macroeconomic environment underpinning the broader investment opportunity across ASEAN, with Vietnam and Myanmar as key contributors.

STRATEGIC REPORT

SUSTAINABILITY AND DIVERSITY

Operating internationally, the Group remains cognisant of evolving operational standards and their implications for the sustainability of our business in the respective countries. The Group ensures systems and processes are localised and integrated into every aspect of the businesses focusing on Quality Services and Safety, Occupational Health and Safety, Talent Development & Retention and Human Rights and Labour Practices.

The Group has identified a range of focus areas that are closely aligned to the Sustainable Development Goals ("SDGs") of the 2020 Agenda for Sustainable Development and the Ten Principles of the UN Global Compact ("UNGC").

Asia Strategic embraces and supports the following SDGs within its operations:



The businesses managed and owned by the Group provide ca. 2,200 jobs to local employees in Vietnam and Myanmar.

All employees are paid at least the statutory minimum wage, provided cost of living allowances to weather through global inflation and benefit from fair working conditions and shift patterns.

Throughout its presence across over 200 sites, the Group supports local businesses, job creation and entrepreneurship.



In support of the respective countries effort to achieve a higher vaccination rate and ensuring the well-being of our employees, the Group at its own accord initiated the Covid-19 vaccination programme for all eligible employees. As at the date of this report, 83% of our total workforce are fully vaccinated (91% when EXERA's security officers located outside Yangon are excluded).

Several Covid-19 prevention initiatives have also been implemented for the protection of our staff, students and customers including, among others frequent disinfection, adequate PPE, risk assessments, Covid-19 helpline. Furthermore, support is provided to the immediate family members of any deceased employee.



Through its Education segment, the Group ensures inclusive and equitable education and promotes lifelong learning opportunities for all. All education businesses adopted remote learning technologies, access to foreign teachers and access to academic advancement opportunities at affordable prices for ca. 7,500 students.

Graduated Wall Street English and Auston students are equipped with globally recognised certificates/diplomas/degrees in Myanmar to further their studies abroad in search of better job opportunities locally and abroad. Several scholarships were also offered across both Wall Street English and Auston and the Group successfully assisted graduated Auston students to secure internships positions.



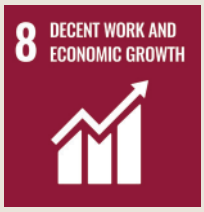
Direct and indirect Full Time Employees ("FTEs") marginally increased to 2,310 (30 September 2021: 2,284), notwithstanding a slight decrease in the Services segment.

As of 30 September 2022, 96% of the total workforce (30 September 2021: 96%) are local employees in the countries where the Group operates. Approximately 63% (30 September 2021: 71%) of the Group's workforce are female (excluding EXERA's security officers). While female participation is lower in Asia Strategics' Services segment, 65% of the new hires are female (excluding EXERA's security officers) thanks to management's targeted hiring initiatives. At this stage we are not aware of any gap between the pay of male and female employees.

Direct and indirect Full Time Employees ("FTEs")	**2022**	**2021**
Female	462	502
Male	268	202
	730	704
Male (EXERA's security officers)	1,580	1,580
Total employees	**2,310**	**2,284**
Ratio of female representation (excluding EXERA's security officers)	63%	71%

STRATEGIC REPORT

SUSTAINABILITY AND DIVERSITY (CONTINUED)



The Group ensures fair working conditions and standards for all its employees across over 200 sites. The Group follows the principles of the UK Modern Anti-Slavery Act 2015 and prohibits child labour across all of its business operations and projects, and there were no cases of child labour reported since the founding of the Group.

Despite being rich in resources and strong in agriculture, Myanmar wasn't spared by the effects of global inflation on food prices and fuel. Beginning October 2022, the Group provided cost of living allowances to selected group of employees to cope with the effects of inflation.



The Group strongly opposes bribery and all other kinds of corruption. To reinforce its Code of Conduct, the Group conducts training for all employees covering its policies on Anti-Bribery and Anti-Corruption, Conflicts of Interest and Whistle Blowing. These policies extend to the Group's business dealings with third party service providers and vendors.

The Group prohibits any form of discrimination or preference made on the basis of race, colour, sex, religion or political opinion which has the effect of impairing equal opportunity or treatment. The Group believes that it is important to lead by example so as to ensure that internationally recognised best practices are established early on in the rapid development of countries in emerging Asia.

Furthermore, through EXERA's risk management activities, the Group provides extensive reporting of Myanmar's safety environment, in turn supporting the operations of embassies, UN agencies and NGOs in Myanmar.



GOVERNANCE REPORT

BOARD OF DIRECTORS AND SENIOR MANAGEMENT



RICHARD GREER

Independent Non-executive Director and Chairman

Richard has over 40 years of experience working in investment banking, of which 17 years were spent in Asian and cross-border investments.

He is a General Partner of the MENA Technology Fund, which invests in early stage technology companies in the Middle East and Israel. The management company, MENA Investment Partners LLP is an appointed representative of Midmar Capital LLP, which is authorised and regulated by the Financial Conduct Authority. He is also a non-executive director of The Global Value Investment Portfolio Management.

From 1978 to 1993, Richard worked in Japan, initially for Jardine Matheson and later as branch manager for Baring Securities Limited (Japan). He has extensive research experience and was appointed to head the Japanese Ministry of Finance's group to represent EU investment banks and brokerages. Since returning to London, Richard has served as global head of research at Barings, Caspian Limited and Commerzbank AG, before becoming a partner at WMG Limited, a wealth management group.

Richard earned a bachelor's degree in History from Corpus Christi College, Cambridge.



CHRISTOPHER CLARKE

Independent Non-executive Director

Christopher has practiced law for over 40 years, of which over 30 years were spent in Asia, including the People's Republic of China.

Christopher currently serves as a non-executive director at London Power Networks, Eastern Power Networks South Eastern Power Networks and Arnhold Holdings.

He previously served as an independent non-executive director at Gama Aviation, which is listed on the London Stock Exchange, and Baltrans Holdings and Arnhold Holdings, both of which were quoted on the Hong Kong Stock Exchange.

Christopher started his career in Hong Kong, eventually becoming partner and managing partner of Denton Hall (Asia), CMS Cameron McKenna (Asia) and DLA Piper (Hong Kong).

Christopher attended Fettes College and then The College of Law and qualified as solicitor of the Supreme Court of England and Wales in 1974 and as a Solicitor in Hong Kong in 1975.



DENNIS YEO

Independent Non-executive Director

Dennis spent over 20 years in accounting and finance roles across South-East Asia.

He currently serves as the Finance Director at Emerald Brewery Myanmar.

Dennis was formerly an executive director and the Group's Chief Financial Officer. He resigned in May 2020 to join Eden Group of companies as the Chief Financial Officer, whilst continuing as a Non-executive Director of the Company.

Dennis started his career at Asia Pacific Breweries where he worked in different finance, planning, and control functions.

He continued his career at Heineken, serving most recently as Head of Finance and ICT for Heineken's greenfield operations in Myanmar.

Dennis earned a bachelor's degree in Business (Accountancy) from the Royal Melbourne Institute of Technology and obtained his CPA designation while in Australia.

GOVERNANCE REPORT

BOARD OF DIRECTORS AND SENIOR MANAGEMENT



ENRICO CESENNI, OSI

Chief Executive Officer and Executive Director

Before founding the Group in 2013, Enrico spent almost a decade in investment banking, specifically mergers and acquisitions based in London.

He initially covered financial institutions at Lehman Brothers and Nomura before focusing on the consumer and retail sectors at Goldman Sachs.

With a longstanding interest in entrepreneurial opportunities in Asia, Enrico spent some time at Upstream Ventures in 2009, a Singapore-based early stage venture capital fund, before founding MACAN in 2012, a company to hold a growing portfolio of operating assets and investments in Europe and the Far East, including Asia Strategic Holdings.

Enrico earned a MBA from INSEAD and an undergraduate degree in Institutions and Financial Markets Management from Università Commerciale Luigi Bocconi.

Enrico is a member of the Young Presidents' Organisation and a Council Member at National University of Singapore Yong Loo Lin School of Medicine. He has also been conferred the honorific title of Knight of the Order of the Star of Italy ("OSI") by the President of the Italian Republic.



JONATHAN KOLB

Chief Financial Officer and Executive Director

Jonathan has been one of the Company's Myanmar-based senior management since 2015 and is responsible for sourcing and evaluating business and investment opportunities as well as reviewing the performance of the existing portfolio of businesses. He was appointed Group CFO in 2020 and as a member of the Board of Directors on 18 May 2021.

Prior to joining Asia Strategic, he spent over 10 years in finance, of which the last four were based in South East Asia. With a focus on real estate, Jonathan spent five years as a listed real estate fund manager at Center Square Investment Management, initially based in Philadelphia. He relocated to Singapore in 2012 to establish the Asian office and operations. Prior to attending business school, he analysed companies and their cash flows as a commercial lending underwriter at Bank of America in Chicago.

Jonathan has a MBA from INSEAD and bachelor's degrees in Finance and Accountancy from the University of Illinois – Urbana/Champaign. He is also a registered CPA in the state of Illinois and a CFA Charter holder, but is not currently active.



U AUNG MYO THEIN

Senior Advisor

U Aung Myo Thein ("Adrian Tike") has been one of the Company's Myanmar-based senior management since 2014 and is responsible for sourcing and evaluating business opportunities as well as building relationships and liaising with local authorities and communities.

Following a period based in the U.S. working for Walmart and Visa in a financial reporting capacity, Adrian relocated to Myanmar in 2014 as head of finance for Yoma Bank, a leading Myanmar financial institution.

Adrian has been a CPA for 14 years and earned a bachelor's degree in Accounting from the University of Southern California, Los Angeles.

GOVERNANCE REPORT

BOARD OF DIRECTORS AND SENIOR MANAGEMENT



ALAIN THIBAULT

Chief Operating Officer

Before joining Asia Strategic in August 2018 as CEO of Wall Street English and Auston, Alain built an expertise over 15 years in building and transforming operational capabilities across multiple industries with a focus on enabling scale, efficiency, insights and transparency.

In 2020, his responsibilities expanded to include the CEO of Wall Street English Vietnam role as well as to build operational capabilities such as Technology and Marketing at the Group level.

Based in Asia since 2009, Alain first worked with Accenture before taking over senior management positions for organisations such as Lazada and Air Asia where he put his passion for people development and digitalization to play driving scalability and innovation.

Alain earned a MBA from INSEAD and an undergraduate degree in Industrial Engineering at Ecole Polytechnique de Montreal.



MICHAEL HALL

Chief Human Resources Officer

Michael has over 20 years human resources experience across SE Asian, Australian and UK markets.

Michael is responsible for the HR function across the group, working closely with business to ensure service delivery, implementing new group level HR initiatives that positively impact the business and the employee.

After moving to Myanmar in 2011, Michael held management positions within multinational businesses, developing the human resource function and delivering manning strategies for a large-scale resources project with leading developer POSCO, and for what is now Myanmar's most successful Fintech company, Wave Money. Prior to this, in Australia, Michael worked directly in the Oil & Gas industry working with BG Group,a ConocoPhillips JV, enabling expansion into new markets.

Michael is focused on building and enhancing functional and people capabilities, supporting our growth through human capital management.



ANURAG SHARMA

General Counsel

Before joining Asia Strategic in 2020, Anurag spent over 20 years in several key roles with multinational corporations, law firms and as an independent legal counsel.

He has handled several key mergers, acquisitions, disputes, investment rounds and joint venture transactions. His strength in the last few years has been building strong legal teams capable of delivering results.

As General Counsel, Anurag has headed legal departments of companies engaged in a wide array of businesses ranging from pharmaceuticals (Abbott, Biocon and DSM) to technology/ transport aggregation/e-commerce (OLA, Foodpanda, and Rivigo).

Anurag completed his Bachelor of Law degree from Campus Law Center, University of Delhi in the year 2001. Before law, he earned a degree in Commerce from the same University.

GOVERNANCE REPORT

CORPORATE GOVERNANCE STATEMENT

Asia Strategic is committed to maintaining the highest standards of business conduct and ethics, as well as full compliance with all applicable laws, rules and regulations, corporate reporting requirements and disclosures, and all other matters deemed to protect the best interests of the Company's shareholders.

As a London Stock Exchange ("LSE") quoted company with a standard listing, Asia Strategic is not required to comply with the UK Corporate Governance Code (the "Code") and has not elected to voluntarily comply with the Code. However, the Board fully supports the principles of the Code and intends to comply with the provisions of the Corporate Governance Code and the QCA Guidelines, insofar as they are appropriate given the Group's size, stage of development, and resources.

Effective corporate governance is a priority of the Board and outlined below are details of how the Company has applied principles of corporate governance as set out in the Code, as far as they are relevant to Asia Strategic.

As the Group continues to grow, the Board carries out regular reviews of its corporate governance policy and practices, with the objective that these will continue to evolve and be enhanced in-line with the Group's increasing size and stature. Integral to these reviews are appraisals of the Group's system of internal controls, including financial, operational and compliance controls and risk management systems.

BOARD OF DIRECTORS

ROLE OF THE BOARD

The Board's primary role is to enhance and sustain long-term shareholder value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, including (but not limited to) formulating the Group's strategic direction, setting remuneration, appointing Directors and senior management, establishing goals for management and monitoring the achievement of these goals; approving and monitoring annual financial and operating budgets and capital expenditure; and ensuring the integrity of internal control and management information systems. The Board is also ultimately responsible for approving and monitoring financial and other reporting.

BOARD PROCESS

The full Board meets formally at regular intervals throughout the year (at least four times per year) and at such other times as may be necessary to address any significant and urgent matters that may arise. The Board communicates regularly between these meetings.

On a regular basis the Board is provided with appropriate and timely information relating to all aspects of the Group. In addition, the Directors are free to seek any further information or request specific presentation on matters that they consider necessary in order to discharge their duties effectively.

The Non-executive Directors ("NED") have adequate competency and experience relevant to the Group's operations, conduct site visits at regular intervals with one NED travelling to Myanmar or Vietnam at least once per year, subject to the prevailing travel restrictions. On these occasions, the divisional CEOs and managers are encouraged to conduct specific presentations on the performance of each business. It is worth noting that in 2022, the Company's Chairman has visited Vietnam, met with the top management team and assessed the state of several Wall Street English and Kids&Us centres.

The collective responsibility of the Board ensures that all Directors receive timely reports and are involved in the process of arriving at significant decisions.

HOW THE BOARD OPERATES

A detailed schedule of matters reserved for the Board has been established and is periodically reviewed. The key matters reserved are the consideration and approval of:

- The Group's overall strategy and objectives;
- Material acquisitions and disposals and major expenditure commitments;
- Borrowing and hedging arrangements where relevant;
- The issuance of equity and options;
- Annual work programmes and budgets;
- The Group's annual and half-yearly financial statements;
- Board appointments, remuneration and roles;
- Key risks including, among others, health and safety and cyber security;
- Corporate policies and corporate governance arrangements;
- Timely updates on the impact of extraordinary and material events such as Covid-19 in both Myanmar and Vietnam, and Myanmar's State of Emergency; and
- Strategies and impact on the environmental, social and governance to relevant stakeholders or business practices and its impact on environment and sustainability.

Through the publication of regular announcements, corporate presentations uploaded on the Company's website, and face to face meetings, the Board has sought to communicate its strategy, objectives and performance to all shareholders on a timely basis.

THE COMPOSITION OF THE BOARD

The Board of Directors comprises five members, two Executive Directors (the Chief Executive Officer and Chief Financial Officer) and three Non-executive Directors. One of the Non-executive Directors serves as the Group Chairman.

The Board has established Audit and Remuneration Committees with formally delegated duties, responsibilities and written terms of reference.

The Board constantly evaluates whether it may appropriate to set up separate committees to consider specific issues as and when the need arises.

GOVERNANCE REPORT

CORPORATE GOVERNANCE STATEMENT

INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION

Each Director has the right of timely access to all relevant Company information and to the Company's senior management.

The Executive and Non-executive Directors have access to advice from the Company's auditors, legal advisers as well as to other independent professional advisers (as appropriate), at the expense of the Company, if considered necessary in the performance of their duties.

Directors are expected to bring independent judgement to bear on issues of strategy, performance and standards of conduct.

DIRECTOR EDUCATION

On an ongoing basis, the Group educates Directors about the nature of the business, current issues, the corporate strategy and timeline for key objectives to be met, and the expectations of the Group concerning the performance of the Directors.

Directors also have the opportunity to visit Group facilities and meet with the operational management to gain a better understanding of the Group's business operations. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge relevant to keep abreast with current events and changes in laws and regulations.

The Group provides comprehensive education to new directors both prior to and following appointment consistent with the principles of continuing education outlined above.

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

The audit committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on.

All related party transactions and potential conflict of interests, if any, are reviewed and approved by the audit committee on a timely basis.

It receives and reviews reports from the Group's management and external auditors relating to the half-yearly and annual accounts and the accounting and internal control systems in use throughout the Group. The audit committee meets at least twice each financial year and has unrestricted access to the Group's external auditors including discussions without the presence of the management.

It also assists by reviewing and monitoring the extent of audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the Group's internal controls and risk management systems. The ultimate responsibility for reviewing and approving the Annual Report and financial statements and the half-yearly reports remains with the Board.

The members of the audit committee are solely independent and NEDs ("INED") namely, Richard Greer, who acts as Chairman of the committee, Christopher Clarke and Dennis Yeo.

REMUNERATION COMMITTEE

The remuneration committee reviews the performance of the executive directors and the Group's senior management and makes recommendations to the Board on matters relating to their remuneration and terms of employment.

The committee also makes recommendations to the Board on proposals for the granting of share awards and other equity incentives pursuant to any share award scheme or equity incentive scheme in operation from time to time. The remuneration committee meets at least once a year.

The members of the remuneration committee are solely independent and NEDs, namely Christopher Clarke, who acts as Chairman of the committee, Richard Greer and Dennis Yeo.

INTERNAL CONTROLS AND RISK MANAGEMENT IN RELATION TO FINANCIAL REPORTING

The Board is responsible for the Group's system of internal control environment over the financial reporting process and for reviewing its effectiveness.

It should be recognised that such a system can only provide reasonable and not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate those risks that may affect the Company in achieving its business objectives.

The Group has not established a separate Risk Management Committee. Instead, the Board, as part of its usual role and through direct involvement in the management of the Group's operations, ensures financial reporting risks are identified, assessed and appropriately managed. Where necessary, the Board will draw on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.

Control self-assessment exercises are conducted regularly across the Group's operations to ensure risks are identified and managed as an integral party of any business transaction workflow.

Practices have been established to ensure:

- A comprehensive delegation of authority is in place that includes approval limits for Directors and senior management and specifically matters reserved for the Board;
- Capital expenditure and revenue commitments above a certain size obtain prior Board approval;
- Financial exposures are controlled, including the potential use of derivatives;
- Occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
- Business transactions are properly authorised and executed; and
- Financial reporting accuracy and compliance with the financial reporting regulatory framework are ensured.

GOVERNANCE REPORT

CORPORATE GOVERNANCE STATEMENT

In addition, the Board has adopted policies covering anti-corruption, anti-bribery, share dealing, whistleblowing and social media. Furthermore, in compliance with the relevant rules and regulations, the Group conducts extensive KYC checks on counterparts and employees that cover sanctions, anti-money laundering and politically exposed persons, among others.

The Group's management team assists the Board in monitoring the application of the Group's policies.

ENVIRONMENT AND SUSTAINABILITY

At Asia Strategic, the Board acknowledges the importance of our sustainability commitments. The Group's principles, business practices, and management decisions are driven by a full commitment to sustainable development and to create a sustainable business.

ETHICAL STANDARDS

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving, at all times, to enhance the reputation and performance of the Group. Every employee has a nominated supervisor to whom they may refer issues arising from their employment. A formal Code of Conduct encourages employees to raise any concern in relation to unethical conduct. An open-door policy is implemented across the Company with top management being available to address any of the employees' concerns.

EXTERNAL AUDITORS

The Board and the Audit Committee review the performance of the external auditors on an annual basis and normally meet with them during the year to:

- Discuss the external audit plans, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact on the financial statements and to review the fees proposed for the audit work to be performed.
- Review the periodic reports prior to lodgement and release, and any significant adjustments required as a result of the auditor's findings, and to recommend Board approval of these documents, prior to announcement of results.
- Review the results and findings of the auditor, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made.
- Review the draft financial report and recommend Board approval of the financial report.
- Discuss without the presence of the Board and the management.
- As required, to organise, review and report on any special reviews or investigations deemed necessary by the Board.
- Discuss the financial assumptions and estimates used in the cash flows and budget projections prepared by management and reviewed by the Board for going-concern purposes, including stress testing by management, taking also into considerations extreme impacts such as Covid-19 and Myanmar's state of emergency.

The Board and Audit Committee specifically assess the independence of the Group's external auditors and in doing so consider the level and nature of non-audit services provided and associated fees, the auditors' rotation arrangements for key audit personnel and areas of potential conflicts of interest.

COMMUNICATION WITH SHAREHOLDERS AND CONTINUOUS DISCLOSURE

The Directors attach importance to the provision of clear and timely information to shareholders and the broader investment community. Information about the Company is available on its website (www.asia-strategic.com).

Financial reporting – the Company reports to shareholders half-yearly and annually, as required by the LSE Rules. The Chairman states to the Board that the Company's financial reports present a true and fair view in all material respects of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

Equal access policy – the Company has a policy, based on existing policies and practices as a company quoted on the LSE market, that all shareholders and investors have equal access to the Company's information, and has procedures to ensure that all price-sensitive information will be disclosed to the LSE in accordance with the continuous disclosure requirements of the LSE Rules. These procedures include:

- A comprehensive process to identify matters that may have a material effect on the price of the Company's shares, notifying them to the LSE, posting them on the Company's website, and issuing media releases.
- All information provided to the LSE, and related information (including information provided to analysts and the media), being immediately posted to the Company's website.

The Annual Report is made available to all shareholders. The Board ensures that the Annual Report includes relevant information about the operations of the Group during the year, changes in the state of affairs of the Group and details of future developments, as well as all required disclosures.

News releases are issued throughout the year and the Company maintains a website (www.asia-strategic.com) on which press releases, corporate presentations and the Annual Report and financial statements are available to view together with the half-yearly financial statements. Enquiries from individual shareholders on matters relating to the business of the Company are welcomed. Shareholders and other interested parties can subscribe to receive notification of news updates and other documents from the Company via email. In addition, the Executive Directors meet with major shareholders to discuss the progress of the Company and provide periodic feedback to the Board, following meetings with shareholders.

GOVERNANCE REPORT

DIRECTORS' STATEMENT

The Directors of Asia Strategic Holdings Ltd. are pleased to submit their Report with the audited financial statements for the financial year ended 30 September 2022.

PRINCIPAL ACTIVITIES

Asia Strategic Holdings Ltd. is in an independent developer, manager, operator and investor in businesses across emerging Asia. It is currently active in Education (Wall Street English, Kids&Us, Auston and Yangon American), Services (EXERA and Ostello Bello), including services to its subsidiaries.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

A summary of the Group's main business developments for the financial year ended 30 September 2022 and potential future developments is contained within the Chairman's Statement, the Review of Operations and the Financial Review.

ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

SHARE CAPITAL AND RESERVES

Details of the Group's issued share capital and reserves as at 30 September 2022 are contained in the Consolidated Statement of Changes in Equity.

RESULTS AND DIVIDENDS

An overview of the Group's results, covering the financial year ended 30 September 2022, is provided in the Financial Statements on page 40. The Directors do not propose the payment of dividends.

EVENTS AFTER THE REPORTING DATE

There were no reportable events arising after the reporting date.

DIRECTORS REMUNERATION

Directors' remuneration for the financial year ended 30 September 2022 was as outlined in the table below.

US$	Fees	Salaries	Accrued bonus	Share-based compensation	Other benefits	Total FYE 2022	Total FYE 2021
Executive Directors							
Enrico Cesenni	–	150,000	150,000*	24,316	–	324,316	210,995
Jonathan Geoffrey Kolb	–	161,480	30,000	32,638	118,794	342,912	420,417
Sub-total	–	311,480	180,000	56,954	118,794	667,228	631,412
Non-executive Directors							
Richard Edgar Greer	30,000	–	–	–	–	30,000	31,435
Christopher John David Clarke	28,000	–	–	–	–	28,000	29,435
Dennis Yeo Ting Teck	8,733	–	–	2,813	–	11,546	19,405
Sub-total	66,733	–	–	2,813	–	69,546	80,275
Total	**66,733**	**311,480**	**180,000**	**59,767**	**118,794**	**736,774**	**711,687**

** US$50,000 of the accrued annual bonus will be paid in cash and the remaining US$100,000 through the issuance of ordinary shares.*

GOVERNANCE REPORT

DIRECTORS' STATEMENT

DIRECTORS AND THEIR INTERESTS (INCL. SHARE OPTIONS)

The table below sets out the interests of the Directors in Asia Strategic as at 30 September 2022

As at 30 September 2022	Shareholdings registered in name of Directors (Shares)	Shareholdings in which the Directors are deemed to have an Interest (Shares)	Total Interest (Shares)	Total Interest (%)	Share Options
Enrico Cesenni (CEO)*	15,500	1,010,500	1,026,000	35.1%	51,000
Jonathan Geoffrey Kolb (CFO)	196,500	–	–	6.7%	64,000
Richard Greer (Chairman, INED)	7,700	–	–	0.3%	10,000
Christopher John David Clarke (INED)	–	–	–	–	10,000
Dennis Yeo Ting Teck (INED)	–	–	–	–	25,000

** The beneficial interest of Enrico Cesenni is held through the Company's shareholder, Macan Pte. Ltd. ("MACAN"), which (i) owns 960,000 ordinary shares and (ii) holds US$3,500,000 in Zero-Coupon Convertible Notes of the Company (Note 22). In addition MACAN also administers the voting rights over an additional 50,500 ordinary shares held in the names of U Aung Myo Thein.*

SHARE OPTIONS

The Group operates Employee Share Option Schemes ("ESOS") pursuant to which the Directors, senior management and key employees and consultants of the Group may be granted options to acquire Ordinary Shares in the Company at a fixed option exercise price of US$11.00 per share.

Further details of the above share option scheme can be found in Note 23(e) to the Financial Statements.

SUBSTANTIAL SHAREHOLDINGS

To the best of the knowledge of the Company, the following notifiable positions of ordinary shares and holdings of Directors of the Company as at 30 September 2022 were as follows:

As at 30 September 2022	Number of Ordinary Shares	Percentage of Ordinary Shares
Macan Pte. Ltd*	960,000	32.8%
Oneiros Investments S.A.	224,121	7.7%
A-Star-Education Holdings Pte. Ltd.	200,000	6.8%
Jonathan Geoffrey Kolb**	196,500	6.7%
SOAI Ltd.	156,945	5.4%
BF&F s.r.l.	117,500	4.0%
NDC Advisors Limited	101,019	3.5%
SEVIAN s.r.l.***	100,000	3.4%

** Macan is a company in which Enrico Cesenni, CEO of the Company, has 26.1% equity interest in the company and 35.1% of the voting rights.*

*** Chief Financial Officer and Executive Director of the Company.*

**** SEVIAN s.r.l. has 48.9% equity interest and 34.7% of the voting rights in Macan Pte. Ltd.*

GOVERNANCE REPORT

DIRECTORS' STATEMENT

RELATIONS WITH SHAREHOLDERS

The Directors attach importance to the provision of clear and timely information to shareholders and the broader investment community.

Information about the Company is available on its website (www.asia-strategic.com). The Group's Annual and Interim Reports will also be sent to shareholders and be made available through the Group's website.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Group has in place a Directors and Officers insurance policy to cover relevant individuals against claims arising from their work on behalf of the Company. The cost of providing this cover is US$18,000 (2021: US$18,000). The Board intends to maintain the level of cover provided under annual or more frequent review, as appropriate.

GOING CONCERN

As noted in the Group's Financial Review, as the scale the operations under management grows, the Group may decreasingly rely on external financing and instead finance its organic growth through effective cash flow management of cash generating businesses, cost control measures and capital expenditures.

Management and the Board have reviewed and stress-tested the cash flow and budget projections and the Directors are confident that the Group has adequate resources to continue its operations and meet its commitments for a period of at least 12 months from the date of this report. The cash flow forecast has been prepared with consideration of timing / extent of future recovery from Covid-19 and Myanmar's State of Emergency, among other critical factors. Additional funds are also available within the loan facility with MACAN, Asia Strategic's largest corporate shareholder.

ANNUAL GENERAL MEETING

Details of the Annual General Meeting will be announced in due course. The Notice of Meeting, together with an explanation of the items of special business if any, is to be provided separately to shareholders.

AUDITORS

BDO LLP has expressed its willingness to continue in office as auditors and a resolution for their reappointment will be proposed at the Annual General Meeting.

GOVERNANCE REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report and the financial statements for the Group which give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing the financial statements the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group will continue in business

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the group, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of financial statements.

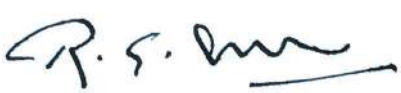
Financial information is published on the Company's website. The maintenance and integrity of the Company's website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may occur to the financial statements after they are initially presented on the website.

Legislation in Singapore governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm to the best of their knowledge:

- The financial statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group.
- The annual report includes a fair review of the development and performance of the business and the financial position of the Group, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board



RICHARD GREER
Independent Non-Executive Chairman
30 January 2023

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ASIA STRATEGIC HOLDINGS LIMITED

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 30 September 2022 and of its loss for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union.

We have audited the financial statements of Asia Strategic Holdings Limited (the 'Parent Company') and its subsidiaries (together the 'Group') for the year ended 30 September 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

We have identified going concern to be a key audit matter as a result of the estimates and judgements made by the Directors in making their going concern assessment. Our evaluation of the Directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting and response to the key audit matter is included in the "Key Audit Matters" section below.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

OVERVIEW

COVERAGE[1]	100% (2021: 100%) OF GROUP PROFIT BEFORE TAX 100% (2021: 100%) OF GROUP REVENUE 100% (2021: 100%) OF GROUP TOTAL ASSETS
KEY AUDIT MATTERS	

		2022	2021
1:	Impairment review of goodwill	☐	☐
2:	Going concern	☐	☐
3:	Recoverability of related party trade and other receivables		☐

Recoverability of related party trade and other receivables are no longer considered as key audit matters as the risk and uncertainty relating to these balances has reduced.

MATERIALITY	Group financial statements as a whole US$268,000 based on 1.5% of revenue (2021:US$225,000 based on 1.5% of revenue)

[1] These are areas which have been subject to a full scope audit by BDO network member firms

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ASIA STRATEGIC HOLDINGS LIMITED

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group consists of the Parent Company located in Singapore and a number of trading components in Singapore, Myanmar and Vietnam. In addition to the Parent Company there are four significant components in Myanmar and two significant components in Vietnam, with seven other components regarded as insignificant. All significant components were subject to full scope audits by BDO network member firms. All insignificant components were subject to desktop reviews by the group engagement team.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- issued detailed group audit instructions to the significant component auditors which included a risk assessment, having discussed these with the component auditors, and directions for work on key areas including the setting of component materiality levels and details of specific audit testing required;
- visited selected sites and held discussions with the component auditors in Vietnam;
- held discussions remotely with the component auditors in Myanmar and Singapore;
- performed reviews of all the significant component auditor's working papers;
- held regular discussions with component auditors to monitor and provide direction of work during execution and completion stages; and
- attended virtually audit clearance meetings and certain Board meetings.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We identified the following key audit matters.

KEY AUDIT MATTER		HOW THE SCOPE OF OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment review of goodwill **Refer to Note 2.11, 3.2(ii) and 11**	Goodwill is subject to annual review of impairment that requires the use of assumptions, including revenues, expenditures and discount rates, involving management judgement and estimates that are susceptible to bias and errors. We therefore consider this area to be a key audit matter.	We examined the cash flow forecasts used by Management in their review of goodwill impairment and checked the key assumptions used. We checked that goodwill has been allocated to the relevant cash generating units. The discount rates were compared with external published information including interest rates and market comparable information. We checked that revenues and expenditures used in the forecasts were based on applying reasonable growth rates to historical audited information. We checked that the forecasts used were consistent with the cashflow forecast used in the going concern assessment. We have also checked the impact of sensitivities to key assumptions prepared by management, including reducing revenue growth rates and revenue terminal rates used in the cash flow forecasts. **Key observations:** Based on our procedures we found management's key assumptions to be within a reasonable range and concur with management's conclusion that there is no impairment of goodwill.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ASIA STRATEGIC HOLDINGS LIMITED

KEY AUDIT MATTER		HOW THE SCOPE OF OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Going concern **Refer to Note 2.1**	Going concern is regarded as a key audit matter as a result of the estimates and judgements required by the Directors in their going concern assessment and the effect on our audit strategy. The level of judgement and estimation uncertainty have continued to be significant, relating to post-Covid-19 pandemic recovery and the state of emergency declared in Myanmar where the Group has significant operations.	Our audit work included the following: ■ We obtained an understanding of the business model, objectives, strategies and related business risk, the measurement and review of the Group's financial performance including forecasting and budgeting processes and the Group's risk assessment process. ■ We evaluated the Directors' going concern assessment including the relevance and reliability of underlying data used to make the assessment and whether assumptions and changes to assumptions from prior years are appropriate and consistent with each other. The key assumptions evaluated included projected revenue and related costs, which we assessed for reasonableness against historical data and economic growth in the relevant jurisdictions in each scenario taking into account the uncertainties caused by the post-Covid-19 pandemic recovery and the state of emergency in Myanmar since its declaration in 2021. ■ We also evaluated whether the available loan facility and support from a shareholder provide sufficient liquidity headroom in the Directors' going concern assessment. ■ We examined the Directors' analyses of changes in key assumptions including a reasonably possible but not unrealistic reduction in forecast revenue to understand the sensitivity in the cash flow forecasts for a period of at least twelve months from the date of approval of the financial statements. ■ We reviewed the stress test severe but plausible case analysis prepared by the Directors to check against cash and credit facilities. This included checking the reduction of revenue and related expenditure against post-year end results and checking sensitivity by a further reduction to revenues in a number of key businesses, and management's option to reduce certain discretionary cash outflow in that scenario. ■ We evaluated the adequacy and appropriateness of disclosures in the financial statements regarding the going concern assessment against the Directors' forecasts. **Key observations:** See conclusions relating to going concern section above.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ASIA STRATEGIC HOLDINGS LIMITED

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	GROUP FINANCIAL STATEMENTS	
	2022	2021
Materiality	US$268,000	US$225,000
Basis for determining materiality	1.5% of revenue	1.5% of revenue
Rationale for the benchmark applied	The Group has begun to move to become an established business thus it is now more appropriate to use an income statement metric in calculating materiality.	The Group has begun to move to become an established business thus it is now more appropriate to use an income statement metric in calculating materiality.
Performance materiality	US$,187,600	US$168,000
Basis for determining performance materiality	70% of materiality which was deemed appropriate with reference to our risk assessment, and consideration of the Group's control environment	75% of materiality which was deemed appropriate with reference to our risk assessment, and consideration of the Group's control environment

Component materiality

We set materiality for each component of the Group based on a percentage of between 7% and 75% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from US$19,000 to US$201,000. In the audit of each component, we further applied performance materiality levels of 70% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of US$13,400 (2021:US$11,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Statement of directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ASIA STRATEGIC HOLDINGS LIMITED

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- obtaining an understanding of the legal and regulatory frameworks that are applicable to the Group. These include, but are not limited to, compliance with the International Financial Reporting Standards as adopted in the European Union and tax legislation in the jurisdictions the Group operates.
- we gained an understanding of the legal and regulatory frameworks that are applicable to the Group by making enquiries of management regarding the Group's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- making enquiries of management and reviewing minutes of the board of Directors in order to identify any instances of fraud or non-compliance with laws and regulations;
- the engagement partner's assessment of whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations in each of the jurisdictions the Group operates;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur in the financial statements and any potential indicators of fraud. This included making enquiries of component auditors of their assessments of such risks in the components they audited. We identified potential for fraud in the following areas and performed the following procedures:
  - management override of controls: we evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates and judgements.
- we also shared our assessment of areas susceptible to fraud with the component auditors to direct their audit approach which included:
  - challenging assumptions made by management in their significant accounting estimates in particular in relation to the review of goodwill for indicators of impairment (see Key audit matters);
  - challenging assumptions made by management in their significant accounting estimates in relation to impairment of tangible fixed assets, impairment of right of use assets, lease liabilities measurement and provisions for impairment of receivables;
  - identifying and testing journal entries, in particular any journal entries to revenue not in line with expectations and reviewing journal entries for journals inconsistent with the usual transactions of the scoped in components, including the parent company;
  - revenue recognition: revenues were checked to be reflected in the correct accounting period. Manual postings to revenue were reviewed to ensure that no manipulation had occurred in the general ledger.
- we made enquiries with the component auditors and reviewed the work performed in response to the risks assessed above.
- communicating relevant identified laws and regulations and potential fraud risks to all engagement team members and remaining alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ASIA STRATEGIC HOLDINGS LIMITED

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the Parent Company's members, as a body, in accordance with our engagement letter dated 12 October 2022. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Kieran Storan
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BDO LLP
Chartered Accountants
London
United Kingdom
30 January 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

	Note	2022	2021
		US$	US$
Revenue	4	17,906,874	14,986,037
Cost of services		(9,924,470)	(10,466,705)
Gross profit		7,982,404	4,519,332
Other income	5	80,711	838,183
Administrative and other operating expenses		(13,133,419)	(9,316,181)
Loss allowance on trade and other receivables	16	(15,453)	(1,004,384)
Loss from operations		**(5,085,757)**	**(4,963,050)**
Finance costs	7	(862,678)	(999,992)
Loss before income tax	**8**	**(5,948,435)**	**(5,963,042)**
Income tax (expense)/credit	9	(33,646)	114,688
Loss after income tax		**(5,982,081)**	**(5,848,354)**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		152,095	(64,523)
Items that will not be reclassified subsequently to profit or loss:			
Changes in fair value of equity instruments at FVOCI	14	(157,063)	(361,449)
Other comprehensive income for the year, net of tax		(4,968)	(425,972)
Total comprehensive income		**(5,987,049)**	**(6,274,326)**
Loss for the year attributable to:			
Owners of the parent		(5,936,622)	(5,781,316)
Non−controlling interest		(45,459)	(67,038)
		(5,982,081)	(5,848,354)
Total comprehensive income attributable to:			
Owners of the parent		(5,941,590)	(6,207,288)
Non−controlling interest		(45,459)	(67,038)
		(5,987,049)	(6,274,326)
Loss per share attributable to the owners of the Company (US$)			
- Basic and diluted	24	(2.04)	(2.05)

The accompanying notes form an integral part of these financial statements.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

	Note	2022	2021
ASSETS		**US$**	**US$**
Non-current assets			
Plant and equipment	10	2,032,390	868,989
Intangible assets	11	6,681,443	6,696,483
Right-of-use assets	12	11,275,139	10,094,291
Financial assets at FVOCI	14	157,062	314,125
Trade and other receivables	16	1,542,501	990,616
Total non-current assets		**21,688,535**	**18,964,504**
Current assets			
Inventories	15	165,891	96,366
Trade and other receivables	16	1,628,965	1,390,303
Fixed deposits	17	–	100,625
Cash and cash equivalents	17	1,980,232	2,165,257
Total current assets		**3,775,088**	**3,752,551**
Total assets		**25,463,623**	**22,717,055**
LIABILITIES AND EQUITY			
Liabilities			
Non–current liabilities			
Contract liabilities	4	1,872,423	607,578
Lease liabilities	12	9,142,979	7,911,109
Shareholder's loans	18	1,500,000	5,743,547
Total non-current liabilities		**12,515,402**	**14,262,234**
Current liabilities			
Contract liabilities	4	8,093,625	5,284,512
Bank loan	19	115,530	–
Trade and other payables	20	3,636,898	2,697,681
Lease liabilities	12	1,961,444	1,860,070
Tax payables		16,229	65,730
Total current liabilities		**13,823,726**	**9,907,993**
Total liabilities		**26,339,128**	**24,170,227**
Equity			
Share capital	21	21,439,638	20,799,638
Convertible notes	22	5,730,000	–
Accumulated losses	23	(28,224,857)	(22,288,235)
Other reserves	23	179,714	73,874
Equity attributable to owners of the Company		**(875,505)**	**(1,414,723)**
Non-controlling interests		–	(38,449)
Total equity		**(875,505)**	**(1,453,172)**
Total liabilities and equity		**25,463,623**	**22,717,055**

The financial statements were authorised and approved by the Board on 30 January 2023 and signed by



Enrico Cesenni, OSI
Director and Chief Executive officer

The accompanying notes form an integral part of these financial statements.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

	Note	Share capital	Convertible notes	Equity reserves	Share option reserve	Fair value reserve	Foreign exchange reserve	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total equity
30 September 2022		**US$**	**US$**	**W**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**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)
Total comprehensive income for the financial year:											
Loss for the financial year		–	–	–	–	–	–	(5,936,622)	(5,936,622)	(45,459)	(5,982,081)
Other comprehensive income		–	–	–	–	(157,063)	152,095	–	(4,968)	–	(4,968)
		–	**–**	**–**	**–**	**(157,063)**	**152,095**	**(5,936,622)**	**(5,941,590)**	**(45,459)**	**(5,987,049)**
Contribution by owners of the Company											
Issuance of shares in lieu of bonus	21	640,000	–	–	–	–	–	–	640,000	–	640,000
Issuance of convertible notes	22	–	5,730,000	–	–	–	–	–	5,730,000	–	5,730,000
Recognition of share-based payments	23	–	–	–	194,717	–	–	–	194,717	–	194,717
		640,000	**5,730,000**	**–**	**194,717**	**–**	**–**	**–**	**6,564,717**	**–**	**6,564,717**
Changes in ownership interest in a subsidiary											
Acquisition of non-controlling interest	13	–	–	(83,909)	–	–	–	–	(83,909)	83,908	(1)
Balance as at 30 September 2022		**21,439,638**	**5,730,000**	**(212,271)**	**968,819**	**(605,692)**	**28,858**	**(28,224,857)**	**(875,505)**	**–**	**(875,505)**

The accompanying notes form an integral part of these financial statements.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

	Note	Share capital	Convertible notes	Equity reserves	Share option reserve	Fair value reserve	Foreign exchange reserve	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total equity
30 September 2021		**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
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
Total comprehensive income for the financial year:											
Loss for the financial year		–	–	–	–	–	–	(5,781,316)	(5,781,316)	(67,038)	(5,848,354)
Other comprehensive income		–	–	–	–	(361,449)	(64,523)	–	(425,972)	–	(425,972)
		–	–	**–**	**–**	**(361,449)**	**(64,523)**	**(5,781,316)**	**(6,207,288)**	**(67,038)**	**(6,274,326)**
Contribution by owners of the Company											
Issuance of shares in lieu of bonus	21	246,000	–	–	–	–	–	–	246,000	–	246,000
Recognition of share-based payments	23	–	–	–	163,365	–	–	–	163,365	–	163,365
		246,000	–	**–**	**163,365**	**–**	**–**	**–**	**409,365**	**–**	**409,365**
Liquidation of a subsidiary		–	–	(10,301)	–	–	–	10,301	–	–	–
Balance as at 30 September 2021		**20,799,638**	–	**(128,362)**	**774,102**	**(448,629)**	**(123,237)**	**(22,288,235)**	**(1,414,723)**	**(38,449)**	**(1,453,172)**

The accompanying notes form an integral part of these financial statements.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

	Note	2022	2021
		US$	US$
Operating activities			
Loss before income tax		(5,948,435)	(5,963,042)
Adjustments for:			
Interest income	5	(21,589)	(11,695)
Share−based compensation	6	194,717	163,365
Interest on shareholder's loans	7	115,890	243,547
Plant and equipment written off	8	12,271	99,481
Intangible assets written off	8	2,972	4,842
Loss on disposal of plant and equipment	8	837	–
Depreciation of plant and equipment	10	436,363	419,057
Reversal of impairment of intangible assets	11	(30,000)	–
Amortisation of intangible assets	11	74,342	113,684
Amortisation of rights-of-use assets	12	2,694,870	2,560,875
Lease concession	12	(161,774)	(768,474)
Interest on lease liabilities	12	754,370	756,445
Impairment loss on trade and other receivables	16	15,453	1,004,384
Unrealised foreign exchange loss/(gain)		191,438	(920,800)
Operating cash flows before working capital changes		(1,668,275)	(2,298,331)
Working capital changes:			
Inventories		(65,533)	(62,868)
Trade and other receivables		(358,925)	57,553
Trade and other payables		1,656,544	481,771
Contract liabilities		4,073,958	630,810
Cash provided from / (used in) operations		3,637,769	(1,191,065)
Interest received		21,589	11,695
Income tax paid		(83,147)	–
Net cash provided from / (used in) operating activities		3,576,211	(1,179,370)
Investing activities			
Purchase of plant and equipment	10	(1,684,196)	(210,498)
Purchase of intangible assets	11	(245,580)	(2,729)
Advances to related parties		(395,516)	(592,278)
Repayment by related parties		–	48,013
Net cash used in investing activities		(2,325,292)	(757,492)

The accompanying notes form an integral part of these financial statements.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

	Note	2022	2021
		US$	US$
Financing activities			
Acquisition of equity interest from non-controlling interest		(1)	–
Repayment of lease liabilities	12	(2,235,413)	(1,312,469)
Interest paid on lease liabilities	12	(754,370)	(501,983)
Movement in fixed deposits pledged to bank	17	100,625	(100,625)
Proceeds from shareholder's loans	18	250,000	2,500,000
Repayment of shareholder's loans	18	(1,750,000)	–
Interest on shareholder's loans	18	(359,437)	(218,207)
Proceeds from bank loan	19	115,530	–
Proceeds from convertible notes	22	3,230,000	–
Net cash (used in) / provided from financing activities		(1,403,066)	366,716
Net changes in cash and cash equivalents		(152,147)	(1,570,146)
Effect of exchange rate changes on cash and cash equivalents		(32,878)	(206,010)
Cash and cash equivalents at beginning of year		2,165,257	3,941,413
Cash and cash equivalents at end of year	17	1,980,232	2,165,257

The accompanying notes form an integral part of these financial statements.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

Asia Strategic Holdings Limited (the "Company" or "Asia Strategic") (Registration Number 201302159D), formerly known as Myanmar Strategic Holdings Limited, 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 was listed on the Main Market of the London Stock Exchange on 22 August 2017.

The principal activities of the Company consist of developing, managing, operating and investing in businesses across emerging Asia, including services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 13 to the financial statements. Related companies in these financial statements refer to members of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group is presented in United States dollar ("US$") which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In the current financial year, the Group changed the presentation format of its 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 consolidated statement of comprehensive income for the previous financial year were re-presented to conform to the current financial year's presentation. This change does not impact the consolidated statement of financial position of the Group as of 30 September 2021.

Direct employee benefit expenses 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 preparation of financial statements in compliance with IFRS requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have significant effect on the financial statements are disclosed in Note 3 to the financial statements.

IMPACT OF CORONAVIRUS ("COVID–19") ON VIETNAM AND MYANMAR

The number of Covid-19 daily cases in Vietnam has been at a manageable level since February 2022, which in turn 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 has largely recovered from Covid-19 with substantially fewer cases reported and reopened the country to international travel in a bid to bolster international tourism and engage with the international business communities since April 2022.

In support of the respective countries effort to achieve a higher vaccination rate and ensuring the well-being of its employees, the Group on its own accord executed a Covid-19 vaccination programme for all eligible employees. This enabled management to focus firmly on operational improvements, planned expansion and new business opportunities with sufficient preventive measures from past experiences for future disruptions arising from spikes in Covid-19.

As at the date of approval of these financial statements, the number of Covid-19 daily cases across ASEAN remains negligible and no further restrictions are planned. The Group continuously monitors these developments and makes appropriate adjustments to the business operations to ensure resilience and sustainability for each of its operating segment.

IMPACT OF THE STATE OF EMERGENCY ON MYANMAR

On 1 February 2021, the Myanmar military announced that it had declared a State of Emergency. In the short aftermath of the military takeover, the Group's businesses were disrupted intermittently due to (i) outages in telecommunication, (ii) imposition of martial law in certain townships, (iii) widespread demonstrations and, subsequently (iv) increased security risks. The political situation is evolving daily, and the outcome and long-term effects remain unclear at this stage.

While the political outlook remains uncertain, economic activity has resumed in the main economic hubs of Yangon and Mandalay. Management continues to monitor several risk factors including:

- The rise of an insurgence campaign resulting in daily explosions and political assassinations across the country;
- The retaliation by the military and other armed forces;
- The disruption of the global and local supply chain, resulting in double digit inflation;
- The weakening of the banking financial system and limited access to cash; and
- Exchange rate volatility and capital controls.

In April 2022, through notifications and directives, the Central Bank of Myanmar ("CBM") implemented foreign exchange control

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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.

Subsequently, the CBM announced exemptions and the relaxation of certain measures to Myanmar Investment Committee ("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"), an approved international school qualified for certain foreign exchange control exemptions.

The development of these regulations remains fluid and subject to abrupt changes. The Group continuously monitors any additional announcements or clarifications from the CBM to manage its currency exposure proactively.

IMPACT OF THE WAR IN UKRAINE AND TRADE WAR

Countries within emerging Asia are navigating through the recovery of the prolonged pandemic, however the war initiated by Russia against Ukraine fuelled new economic uncertainties and inflationary pressures globally. Coupled with the trade war between the United States and China, this has also disrupted global supply chains and reduced the availability of certain goods and materials in the countries in which the Group operates. As the Group's activities are focused on services rather than manufacturing, any disruption to the Group's activities has been limited to date. The Group will continuously undertake measured expansion of its existing and future businesses and maintain financial liquidity discipline.

Subject to the impact of foreign exchange fluctuations, 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 has considered the market conditions as at the reporting date, in making estimates and judgements on the recoverability of the assets as at 30 September 2022. The significant estimates and judgements applied are disclosed in Note 3 to the financial statements.

GOING CONCERN ASSUMPTION

The Group recorded a loss for the year of US$5,982,081 (2021: US$5,848,354). As at reporting date, the Group's current liabilities and total liabilities exceeded its current assets and total assets amounting to US$10,048,638 (2021: US$6,155,442) and US$875,505 (2021: US$1,453,172), respectively.

The Board of Directors have carried out a detailed review of the cash flow forecast of the Group for 24 months from the financial year ended 30 September 2022.

The cash flow forecast has been prepared with consideration of timing, extent of future recovery from Covid−19 and Myanmar's State of Emergency and other available information of the future at the end of the reporting period. Given the uncertainty of these events, the Group conducted extensive stress−testing on the various possible impacts on the financial performance and cash flows of the Group and the length of time it will take for operational activities to recover from these effects according to business segments and countries in which the Group operates. Appropriate adjustments were made to the estimates and judgements applied on the future prospects and timing of future recovery with consideration of several other factors such as the general macroeconomic environment and initiatives within the control of the Group.

One of the critical analysis applied is the worst case scenario of prolonged impact on certain business segments including temporary cessation of the Hospitality segment for the period under review.

The Directors have evaluated that there are sufficient mitigating actions within their control, such as timing/cost of expansionary capital expenditures, significant reduction of operational activities of non−profitable operating segments and reduction of discretionary expenditures to manage operational cost. Other key considerations in the assessment, amongst others, include:

- Unutilised shareholder's loan Facility 1 amounting to US$1,500,000 as disclosed in Note 18 to the financial statements, for working capital purposes;
- The MACAN shareholder's loan Facility 1 is due to expire in June 2024 at which date the forecasts anticipate that the Group will have sufficient cash reserves to repay the outstanding amount. MACAN has confirmed that it would not seek repayment of the facility unless the Group has sufficient cash flows available;
- Undertaking by the Company's shareholder, Macan Pte Ltd ("MACAN") not to demand repayment for the Loan Facility 1 (Note 18) within the next 12 months from the date of approval of the financial statements for the financial year ended 30 September 2022;
- No future cash outflow arising from the mandatory conversion of the convertible notes (Note 22) into ordinary shares of the Company;
- Positive working capital as student fees in the Education segment are generally collected 1 to 12 months (2021: same) in advance of performance with reference to the individual terms of the student contracts. Refer to Note 4 for further details;
- Higher operational efficiency by utilising franchisor's teachers chargeable based on actual usage and without volume commitments;
- Flexibility over the timing and size of certain capital expenditures related to the expansion of the education businesses operated by the Group; and
- Limited variance of the actual cash flow and forecasted cash flow of the Group for the period subsequent to the year end up to the date of these financial statements.

Based on the current market environment in the respective countries the Group operates, there are no indicators that warrant material adjustments to the key assumptions and judgements applied.

The Directors of the Company are of the opinion that no material uncertainty exists and the going concern basis is appropriate in the preparation of the financial statements.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

CHANGES IN ACCOUNTING POLICIES

New standards, amendments and interpretations effective from 1 October 2021

The standards, amendments to standards, and interpretations that will apply for the first time by the Group do not impact the Group as they are either not relevant to the Group's business activities or require accounting which is consistent with the Group's current accounting policies.

IFRSs issued but not yet effective

At the date of authorisation of these financial statements, the following IASB were issued but not yet effective and have not been early adopted in these financial statements:

		Effective date (annual periods beginning on or after)
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
IFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
IFRS 16 (Amendments)	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
IFRS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Various	Annual Improvements to IFRSs 2018–2020	1 January 2022
IAS 1 and IFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
Amendments to IFRS 8	Definition of Accounting Estimates	1 January 2023
IAS 12 (Amendments)	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IFRS 16	Leases (Liability in a Sale and Leaseback)	1 January 2024
Amendments to IFRS 1	Classification of Liabilities as Current or Non–current	1 January 2024
Amendments to IFRS 1	Presentation of Financial Statements (Non-current liabilities with Covenants)	1 January 2024

Consequential amendments were also made to various standards as a result of these new or revised standards.

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Group.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from its involvement with the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control commences until the date on which control ceases. Control is reassessed whenever the facts and circumstances indicate that they may be a change in the elements of control.

All intra–group balances and transactions and any unrealised income and expenses arising from intra–group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the transferred asset.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

NON-CONTROLLING INTERESTS

Non−controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position.

Non−controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non−controlling interests' proportionate share of the fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition−by−acquisition basis. Subsequent to acquisition, the carrying amount of non−controlling interests is the amount of those interests at initial recognition plus the non−controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non−controlling interests even if this results in the non−controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners). The carrying amounts of the Group's interests and the non−controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non−controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and any non−controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non−controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of.

The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments, or when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the separate financial statements of the Company, investment in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

2.3 BUSINESS COMBINATIONS

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition−related costs are recognised in profit or loss as incurred. Consideration transferred also includes any contingent consideration measured at the fair value at the acquisition date. Subsequent changes in fair value of contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non−controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition−date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

Goodwill on subsidiary is recognised separately as intangible assets. Goodwill is initially recognised at cost and subsequently measured at cost less any accumulated impairment losses.

2.4 REVENUE RECOGNITION

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on the consideration of which the Group expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales-related taxes). The consideration promised in the contracts with customers are derived from fixed price contracts.

Contract liabilities are deferred revenue comprising student fees, new centre fee and other advance consideration received from customers and a related party. Deferred revenue is recognised as revenue when performance obligations under its contracts are satisfied.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

STUDENT FEES

Student fees are earned through the provision of educational and enrichment programmes across the Group's educational businesses, either in person or online. Student fees are recognised over the duration of the course and when services are rendered with reference to the terms of the contract on a straight−line basis over the term of the courses. Sale of merchandise and ancillary fees are either recognised at point in time when goods are delivered and over time on a straight−line basis, respectively according to the delivery of the performance obligations.

RENDERING OF SERVICES

The Group provides a broad range of security guarding, risk management and security training services to the customer over a specified contract period. The performance obligation is satisfied over time as the customer simultaneously receives and consumes the benefits of the Group's performance in providing the security services. As the Group's efforts or inputs are expended throughout the performance period, revenue is recognised on a straight−line basis over the specified contract period.

For certain contracts where the Group supplies security equipment and provides ad−hoc services such as journey management and cash in transit, revenue are recognised at point in time when goods and services are delivered.

MANAGEMENT FEES

Management fees earned from hostels, engineering college and language centres managed by the Group, under long−term contracts with the owners, are recognised over time on a straight−line basis as and when services are rendered with reference to the terms of the contracts. The fees are incentive fees, which are based on the profitability of these business operations and the amount of course modules to be delivered.

2.5 BORROWING COSTS

Borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

2.6 EMPLOYEE BENEFITS

RETIREMENT BENEFIT COSTS

Payments to defined contribution plans are charged as an expense in the period in which the related service is performed. Defined contribution plans are post−employment benefit plans under which the Group pays fixed contributions into state−managed retirement benefit schemes in the countries where the Group operates and has no legal and constructive obligation to pay further once the payments are made.

EMPLOYEE LEAVE ENTITLEMENTS

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months from the reporting date as a result of services rendered by employees up to the end of the financial period.

TERMINATION BENEFITS

Termination benefits comprise benefits payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for such benefits. Termination benefits are recognised when the Group is committed to either terminating the employment of current employees based on a formal plan without the possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Initial recognition and subsequent changes to the expense and liability for termination benefits are measured in line with the accounting policies disclosed above for other short-term and long-term employee benefits.

2.7 SHARE-BASED PAYMENTS

The Group issues equity−settled share−based payments to certain employees.

Equity−settled share−based payments are measured at fair value of the equity instruments (excluding the effect of non−market−based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity−settled share−based payments is expensed on a straight−line basis over the vesting period with a corresponding credit to the share−based payment reserve, based on the Group's estimate of the number of equity instruments that will eventually vest and adjusted for the effect of non−market−based vesting conditions. At the end of each financial period, the Group revises the estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period with a corresponding adjustment to the share−based payment reserve.

Fair value of the share options is measured using the Black−Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non−transferability, exercise restrictions and behavioural considerations.

For cash-settled share-based payments, a liability and a corresponding expense equal to the portion of the goods or services received is recognised at the current fair value determined at the end of each financial year, with movements recognised in profit or loss.

2.8 TAXES

Income tax expense comprise current tax expense and deferred tax expense.

CURRENT INCOME TAX

Current income tax expense is the amount of income tax payable in respect of the taxable profit for a period. Current income tax liabilities for the current and prior periods shall be measured at the

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

amount expected to be paid to the taxation authorities, using the tax rates and tax laws in the countries where the Group operates, that have been enacted or substantively enacted by the end of the financial year. Management evaluates its income tax provisions on periodical basis.

Current income tax expenses are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

DEFERRED TAX

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases of asset and liabilities, except when the temporary difference arises from the initial recognition of goodwill or other assets and liabilities that is not a business combination and affects neither the accounting profit nor taxable profit.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured using the tax rates expected to apply for the period when the asset is realised or the liability is settled, based on tax rate and tax law that have been enacted or substantially enacted by the end of financial year. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

SALES TAX

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales taxation that is incurred on purchase of assets or services is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.9 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non−monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non−monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non−monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non−monetary items in respect of which gains and losses are recognised directly in equity. For such non−monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollar using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, are recognised initially in other comprehensive income and accumulated in the Group's foreign exchange reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign exchange reserve.

On disposal of a foreign operation, the accumulated foreign exchange reserve relating to that operation is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

2.10 PLANT AND EQUIPMENT

All items of plant and equipment are initially recognised at cost. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent expenditure on an item of plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other costs of servicing are recognised in profit or loss when incurred.

Plant and equipment are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate the depreciable amounts over their estimated useful lives on the following basis:

Computers and books	3 – 5 years
Furniture and fittings	3 – 7 years
Motor vehicles	5 years
Leasehold improvements	3 – 5 years

No depreciation is charged on construction–in–progress as they are not yet ready for their intended use as at the end of the reporting period.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial period.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.11 INTANGIBLE ASSETS

GOODWILL

Goodwill arising on the acquisition of a subsidiary or business represents the excess of the consideration transferred, the amount of any non–controlling interests in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition.

Goodwill on subsidiary is recognised separately as intangible assets. Goodwill is initially recognised at cost and subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash–generating units expected to benefit from the synergies of the combination. Cash–generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash–generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro–rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

INTANGIBLE ASSETS ACQUIRED IN A BUSINESS COMBINATION

Intangible assets acquired in a business combination are identified and recognised separately from goodwill if the assets and their fair values can be measured reliably. The cost of such intangible assets is their fair value as at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets acquired separately.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial period–end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss.

An item of intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use of disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the financial period the asset is derecognised.

AREA DEVELOPMENT AND CENTRE FEES

Area development fees are paid for the exclusive rights to develop and operate the English language centres for the franchises under "Wall Street English" (Myanmar) and "Kids&Us" (Myanmar and Vietnam) at the designated territories. Centre fees are required to be paid in respect for the opening of a new "Wall Street English" and "Kids&Us" English language centres in Vietnam and Myanmar. The area development and centre fees are capitalised and amortised over the period of 10 years according to the term of the franchise agreements.

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SET-UP FEE AND BRAND LICENSING FEE

Set–up fee is paid for the exclusive rights to develop and operate the "Auston" college in Myanmar. Brand licensing fee is paid for the exclusive perpetual, irrecoverable, non–transferrable rights of use of the licensed intellectual property and trademark for the operations of the Auston college in Myanmar. The set–up fee is capitalised and amortised over the period of 10 years from the date operation commences.

COMPUTER SOFTWARE LICENCE

Acquired computer software licence is initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Computer software licence is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight–line method over their estimated useful lives of 3 years.

CUSTOMER-RELATED ASSETS

Customer–related assets comprise customer contracts and customer relationship arising from business combinations and are initially measured at fair value as at the date of acquisition. These assets are capitalised at fair value as at acquisition date and subsequently measured at cost less any accumulated amortisation and any accumulated losses.

Amortisation is recognised in profit or loss on a straight–line basis over their estimated useful lives of 3 years.

2.12 IMPAIRMENT OF NON–FINANCIAL ASSETS EXCLUDING GOODWILL

At the end of each financial period, the Group reviews the carrying amounts of its non–financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash–generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount of an asset or cash–generating unit ("CGU") is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash–generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash–generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash–generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash–generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.13 FINANCIAL INSTRUMENTS

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

FINANCIAL ASSETS

The Group classifies its financial assets into one of the categories below, depending on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group shall reclassify its affected financial assets when and only when the Group changes its business model for managing these financial assets. The Group's accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process, the probability of the non–payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for other receivables are recognised based on a forward–looking expected credit loss. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those

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where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's financial assets measured at amortised cost comprise trade and other receivables (excluding prepayments and sales tax) and cash and cash equivalents in the consolidated statement of financial position.

Equity instruments at fair value through other comprehensive income ("FVOCI")

The Group has strategic investments in the equity securities of listed and unlisted entities which are not accounted for as a subsidiary, associate or jointly controlled entity. For those equity instruments, the Group has made an irrevocable election to classify the investment at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal, any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investment carrying amount.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Company classifies ordinary shares as equity instruments.

Financial liabilities

The Group classifies all financial liabilities as subsequently measured at amortised cost.

Trade and other payables

Trade and other payables, excluding sales taxes and advances, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Loans from a shareholder

Interest−bearing loans from a shareholder is initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest method.

Convertible notes

The test on the classification of convertible notes as equity or as liability is based on the substance of the contractual arrangement. If there is no obligation on the Group to pay cash to the holders or to settle the convertible notes with a variable number of the Company's ordinary shares, they are classified as equity. In all other cases, the instrument is accounted for as a liability. Upon issuance, the convertible notes are measured at the transaction price including qualifying issuance costs. Convertible notes accounted for as equity instruments are subsequently not remeasured. Upon settlement of equity classified convertible notes by issuance of ordinary shares upon conversion or by early redemption at the option of the Company, all amounts are also directly recognised in equity.

The convertible notes issued by the Company are convertible at maturity only into a fixed number of ordinary shares of the Company. The holders have no right to demand repayment of the convertible notes from the Company.

The net proceeds of the convertible notes issued (including any directly attributable transaction costs) are classified entirely as an equity component.

If the convertible notes are redeemed before its maturity date, the difference between any redemption consideration and the carrying amounts of the convertible notes are directly recognised in equity at the date of transaction.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The differences between the carrying amount and the consideration paid is recognised in profit or loss.

2.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise of cash on hand, cash at bank and demand deposits which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purposes of the consolidated statement of cash flows, cash and cash equivalents excludes any pledged deposits.

2.15 INVENTORIES

Inventories mainly comprise consumables are stated at the lower of cost and net realisable value. Costs comprise direct materials

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and other directly attributable costs that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first–in first–out ("FIFO") method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.16 LEASES

AS LESSEE

All leases are accounted for by recognising a right–of–use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

The payments for leases of low value assets and short–term leases are recognised as an expense on a straight–line basis over the lease term.

INITIAL MEASUREMENT

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the Group's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right–of–use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

The Group presents the right–of–use assets and lease liabilities separately from other assets and other liabilities in the consolidated statement of financial position.

SUBSEQUENT MEASUREMENT

Right–of–use assets are subsequently measured at cost less any accumulated amortisation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right–of–use assets under cost model are amortised on a straight–line basis over the shorter of either the remaining lease term or the remaining useful life of the right–of–use assets using the straight–line method, on the following bases:

	Years
International school building	10
Office premises and education campuses	1 – 10
Motor vehicles	2.5 – 3

If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right–of–use asset reflects that the Group will exercise the purchase option, the right–of–use assets are depreciated over the useful life of the underlying asset.

The carrying amount of right–of–use assets are reviewed for impairment when events or changes in circumstances indicate that the right–of–use asset may be impaired. The accounting policy on impairment is as described in Note 2.12 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities and variable lease payments not included in the measurement of the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Group revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right–of–use assets. If the carrying amount of the right–of–use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right–of–use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

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- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right−of−use asset being adjusted by the same amount;
- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right−of−use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right−of−use asset is adjusted by the same amount.

For lease contracts that convey a right to use an identified asset and require services to be provided by the lessor, the Group has elected to allocate any amount of contractual payments to, and account separately for, any services provided by the lessor as part of the contract.

As discussed in Note 2, in the annual financial statements for the financial year ended 30 September 2021, the Group had elected early adopted and applied the practical expedient introduced by the amendments to IFRS 16 (issued in May 2020), extending the practical expedient in order to permit lessees to apply it to rent concessions for which reductions in lease payments affect payments originally due on or before 30 June 2022.

During the financial year and in the previous financial year, additional rent concessions that satisfied the criteria were accounted by remeasuring the lease liability to reflect the revised consideration using the original discount rate and the effect of change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

Rent concessions beyond 30 June 2022 are not eligible for the application of the practical expedient are accounted as lease modifications.

The effect of applying the practical expedient is disclosed in Note 12 to the financial statements expedient.

2.17 PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.18 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision−maker. The chief operating decision−maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Chief Executive Officer.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2 to the financial statements, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 CRITICAL JUDGEMENTS MADE IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Group's accounting policies and which have a significant effect on the amounts recognised in the financial statements.

Determine the lease term

The Group leases office premises, international school building, premises for its English language centres, university campus ("Office premise and Education campuses") and motor vehicles. Included in these lease arrangements, there are extension and termination options held and exercisable only by the Group. In determining the lease term, management considers the likelihood of either to exercise the extension option, or not to exercise the termination option. Management considers all facts and circumstances that create an economic incentive to extend and economic penalty or costs relating to the termination of lease.

The assessment on lease terms are reviewed at the end of each reporting date if there is a significant change in the Group's intentions, business plan or other circumstances unforeseen since it was first estimated.

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3.2 KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Loss allowance for trade and other receivables

The Group uses the simplified approach to calculate expected credit losses ("ECLs") for trade receivables. The provision rates are based on various customers' historical observed default rates.

The Group will consider and evaluate the historical credit loss experience with forward−looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the customers, the historical default rates are adjusted. At the end of each financial year, the historical observed default rates are updated and changes in the forward−looking estimates are analysed.

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

Other than trade receivables, the Group assesses the credit risk of other at each financial year on an individual basis, to determine whether or not there have been significant increases in credit risk since the initial recognition of these assets. To determine whether there is a significant increase in credit risks, the Group considers factors such as whether the debtors are facing significant financial difficulties, any default or significant delay in payments. Where there is a significant increase in credit risk, the Group determines the lifetime expected credit loss by considering the loss given default, the probability of default and exposure at default assigned to each counterparty. These financial assets are written off either partially or in full when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write−offs.

The carrying amounts of the trade and other receivables as at the end of the financial date are disclosed in the Note 16 to the financial statements.

(ii) Impairment of goodwill and other intangible assets (area development and centre fees)

The management determines whether goodwill is impaired at least on an annual basis and as and when there is an indication that goodwill and other intangible assets may be impaired. Other intangible assets are assessed for indicators of impairment at the end of the financial year. This requires an estimation of the value−in−use of the cash−generating units to which the goodwill and other intangible assets are allocated. Estimating the value−in−use requires the Group to make an estimate of the expected future cash flows from the cash−generating unit and also to choose a suitable growth rate, gross margin and discount rate in order to calculate the present value of those cash flows.

The Group's carrying amount of intangible assets as at 30 September 2022 and details of the impairment assessments and key assumptions used are disclosed in Note 11 to the financial statements.

(iii) Impairment of plant and equipment and right−of−use assets (ROU)

The Group carries out impairment assessment for certain plant and equipment and ROU where there is indication of an impairment. In carrying out the impairment assessment, management has identified the cash−generating units ("CGUs") to which the plant and equipment and ROU belong and determined the recoverable amounts of the CGUs by estimating the expected discounted future cash flows over the remaining useful lives of the plant and equipment/ROU. Estimating the recoverable amounts requires the Group to determine a suitable sales growth rate, gross margin, discount rate and to make an estimate of the expected future cash flows from the cash−generating unit in order to calculate the present value of those cash flows.

The carrying amounts of plant and equipment and right−of−use assets as at 30 September 2022 are as disclosed in Note 10 and Note 12, respectively to the financial statements.

(iv) Measurement of lease liabilities

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The Group has determined the discount rates with reference to the respective lessee's incremental borrowing rates when the rate inherent in the lease is not readily determinable. The Group obtains the relevant market interest rates after considering the applicable currency of the lease payments and the geographical location where the lessee operates as well as the term of the lease. Management considers its own credit spread information from its recent borrowings, industry data available as well as any security available in order to adjust the market interest rate obtained from similar economic environment, term and value of the lease.

The incremental borrowing rate applied to lease liabilities as at 30 September 2022 ranges from 8.1% to 10.0% (2021: 6.0% to 9.5%). The carrying amount of lease liabilities as at 30 September 2022 is as disclosed in Note 12 to the financial statements.

If the incremental borrowing rate had been 1.0% (2021: 0.5%) higher or lower than management's estimates, the Group's lease liabilities would have been lower or higher by approximately US$172,000 (2021: US$65,000).

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4. REVENUE

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 in Note 27 to the financial statements.

	Education		Services		Total	
	2022	2021	2022	2021	2022	2021
	US$	US$	US$	US$	US$	US$
Student fees	11,876,265	8,792, 610	–	–	11,876,265	8,792,610
Rendering of services	–	–	5,794,603	5,664,019	5,794,603	5,664,019
Management fees	218,159	497,849	–	13,712	218,159	511,561
New centre fee	17,847	17,847	–	–	17,847	17,847
	12,112,271	9,308,306	5,794,603	5,677,731	17,906,874	14,986,037
Timing of transfer of services						
Over time	12,087,207	9,307,334	5,333,005	4,850,317	17,420,212	14,157,651
Point in time	25,064	972	461,598	827,414	486,662	828,386
	12,112,271	9,308,306	5,794,603	5,677,731	17,906,874	14,986,037

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

	2022	2021
Contract liabilities	US$	US$
Deferred revenue	9,966,048	5,892,090
Analysed as:		
Current	8,093,625	5,284,512
Non-current	1,872,423	607,578
	9,966,048	5,892,090

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

	2022	2021
	US$	US$
At 1 October	5,892,090	5,180,719
Cash received in advance of performance and not recognised as revenue		
- Additions	16,213,749	9,381,140
Revenue recognised during the financial year:		
- On contract liabilities balances at beginning of financial year	(4,928,924)	(4,566,761)
- On cash received in advance during financial year	(7,027,948)	(4,181,407)
	(11,956,872)	(8,748,168)
Foreign exchange difference	(182,919)	78,399
At 30 September	9,966,048	5,892,090

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(b) Remaining performance obligations

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

(i) The Group recognised new centres fees in prior years for the Education businesses, which were collected in advance of the performance obligations.

(ii) Student fees are generally collected 1 to 12 months (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.

(iii) Fees in relation to certain security services are collected 6 to 12 months (2021: same) in advance of performance with reference to the individual terms of the customer 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 (2021: 1 to 7) years.

The amount of revenue that will be recognised in future periods on these contracts when those remaining performance obligations will be satisfied is analysed as follows:

	Within 1 year	Within 2 to 3 years	More than 4 years	Total
	US$	US$	US$	US$
2022				
New centre fees	17,847	–	–	17,847
Student fees	7,899,098	1,832,433	39,990	9,771,521
Services	176,680	–	–	176,680
	8,093,625	1,832,433	39,990	9,966,048
2021				
New centre fees	17,847	17,847	–	35,694
Student fees	5,168,737	529,746	59,985	5,758,468
Services	97,928	–	–	97,928
	5,284,512	547,593	59,985	5,892,090

5. OTHER INCOME

	2022	2021
	US$	US$
Foreign exchange gain, net	–	767,833
Interest income from bank deposits	21,589	11,695
Others	59,122	58,655
	80,711	838,183

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6. EMPLOYEE BENEFITS EXPENSE

	2022	2021
	US$	US$
Wages, salaries and allowances	11,070,883	10,732,701
Contributions to defined contribution plans	186,817	103,318
Share–based compensation		
- Share bonus	200,000	640,000
- ESOS (Note 23(e))	194,717	163,365
	394,717	803,365
Staff accommodation and welfare	248,357	305,733
Staff insurance and medical expenses	122,543	209,129
Termination benefits	29,659	38,428
Others	167,333	103,557
	12,220,309	12,296,231
Total employee benefit expenses comprise:		
- Cost of services	7,018,505	7,745,478
- Administrative and other operating expenses	5,201,804	4,550,753
	12,220,309	**12,296,231**

Included in salaries and bonus are Directors' fees and remuneration as disclosed in Note 25 to the financial statements.

A total bonus to key management personnel of US$305,000 has been accrued in the consolidated statement of financial position, of which US$175,000 will be satisfied through the issuance of ordinary shares and remaining balance US$130,000 in cash subsequent to the reporting date.

Annual bonus for certain key management personnel accrued in the previous financial year amounting to US$640,000 were paid in the current financial year through the issuance of 80,000 ordinary shares as detailed in Note 21 to the financial statements.

7. FINANCE COST

	2022	2021
	US$	US$
Interest expense		
- Lease liabilities (Note 12)	746,788	756,445
- Loans from a shareholder (Note 18)	115,890	243,547
	862,678	999,992

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

8. LOSS BEFORE INCOME TAX

Depreciation and amortisation expenses relating to plant and equipment, right-of-use assets and intangible assets directly attributable to provision of services and for operating activities are included in the "cost of services" and "Administrative and other operating expenses", respectively in the consolidated statement of comprehensive income.

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

	2022	2021
	US$	US$
Cost of services:		
Academic expenses	1,352,827	575,860
Security service expenses	196,791	273,189
Hostel-related expenses	94,856	176,171
Depreciation of plant and equipment	83,159	289,234
Amortisation of right-of-use assets	98,479	–
Amortisation of intangible assets	5,308	35,396
Interest on lease liabilities	7,582	–
Administrative and other operating expenses:		
Marketing expenses	1,887,367	1,166,059
Professional fees	707,640	696,776
Travelling expenses	187,014	253,991
Lease expenses on:		
- Short-term lease expense	213,712	396,750
- Variable lease payments/(reversal)	(16,265)	19,143
- Lease concession [1]	(161,774)	(768,474)
Foreign exchange loss, net	972,259	–
Loss on disposal of plant and equipment	837	–
Intangible assets written off	2,972	4,842
Plant and equipment written off	12,271	99,481
Depreciation of plant and equipment	353,204	129,823
Amortisation of right-of-use assets	2,596,391	2,560,875
Amortisation of intangible assets	69,034	78,288
Reversal of impairment loss on intangible assets	(30,000)	–

[1] The lease concession is related to additional rent concessions received from landlords due to the Covid-19 pandemic.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

9. INCOME TAX EXPENSE/(CREDIT)

	2022	2021
	US$	US$
Current income tax		
- current financial year	33,646	65,730
Deferred income tax		
- current financial year	–	(180,418)
Total income tax expense/(credit) recognised in profit or loss	33,646	(114,688)

The corporate income tax rate applicable to the Company and its subsidiaries in Singapore is at 17% (2021: 17%).

The Group has significant operations in Myanmar and Vietnam, for which the corporate income tax rate applicable are 22% (2021: 25%) and 20% (2021: 20%), respectively.

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

The reconciliation between income tax expense and the product of accounting losses multiplied by the applicable corporate tax rates of the respective countries where the Group operates, are as follows:

	2022	2021
	US$	US$
Loss before income tax	(5,948,435)	(5,963,042)
Tax at the domestic rates applicable to profits in the country concerned	(1,219,166)	(1,172,802)
Tax effect of non−allowable expenses	618,771	127,999
Deferred tax assets not recognised	634,041	930,115
Total income tax expense/(credit) recognised in profit or loss	33,646	(114,688)

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

Deferred tax assets have not been recognised in respect of the following items:

	2022			2021		
	Singapore	Myanmar	Vietnam	Singapore	Myanmar	Vietnam
	US$	US$	US$	US$	US$	US$
Unutilised tax losses	5,823,730	6,581,916	4,770,970	5,569,932	6,107,154	2,339,513
Other temporary differences	100,212	–	–	99,294	–	–
	5,923,942	6,581,916	4,770,970	5,669,226	6,107,154	2,339,513
Unrecognised deferred tax assets on the above temporary differences	1,007,070	1,448,022	954,194	963,768	1,343,574	467,903

The unutilised tax losses above are subject to the agreement by the Myanmar, Vietnam and Singapore tax authorities. Deferred tax assets have not been recognised as it is uncertain that there will be sufficient future taxable profits to realise these future benefits. Accordingly, these deferred tax assets have not been recognised in the financial statements of the Group in accordance with the accounting policy in Note 2.8 to the financial statements.

The unutilised tax losses of Myanmar and Vietnam subsidiaries may be carried forward for a maximum period of 3 and 5 years, respectively and the unutilised tax losses of Singapore subsidiaries may be carried indefinitely subject to the conditions imposed by law.

The expiry dates of the Myanmar and Vietnam unutilised tax losses are as follows:

	2022		2021	
	Myanmar	Vietnam	Myanmar	Vietnam
	US$	US$	US$	US$
Expiring in first year	2,608,484	131,247	1,233,756	327,224
Expiring in second year	2,264,908	1,710,032	2,608,484	131,347
Expiring in third year	1,708,524	–	2,264,914	1,711,343
Expiring in fourth year	–	169,468	–	–
Expiring in fifth year	–	2,760,223	–	169,599
	6,581,916	4,770,970	6,107,154	2,339,513

The comparative figures for the unutilised tax losses for the previous financial reporting period for Myanmar subsidiaries and a Vietnam subsidiary have been revised from US$8,552,304 to US$6,107,154 (2021: US$6,346,965 to US$5,952,623) and US$2,551,029 to US$2,339,513 (2021: same) based on the latest approved tax assessment of the Inland Revenue of Myanmar and General Department of Taxation of Vietnam to enhance the comparability with the current year's income tax reconciliation notes to the financial statements.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

10. PLANT AND EQUIPMENT

	Computers and books	Furniture and fittings	Motor vehicles	Leasehold improvements	Construction-in-progress	Total
	US$	US$	US$	US$	US$	US$
Cost						
Balance as at 1 October 2021	257,866	382,552	40,243	884,289	162,321	1,727,271
Additions	225,930	174,076	–	241,424	1,042,766	1,684,196
Transfers	8,020	134,387	–	600,881	(743,288)	–
Reclassifications	–	166,828	–	(166,828)	–	–
Disposals	–	(1,507)	–	–	–	(1,507)
Write-offs	(29,586)	(160,676)	–	(20,712)	–	(210,974)
Foreign exchange difference	(5,886)	(7,671)	–	(32,395)	(39,633)	(85,585)
Balance as at 30 September 2022	456,344	687,989	40,243	1,506,659	422,166	3,113,401
Accumulated depreciation						
Balance as at 1 October 2021	182,167	202,679	16,713	456,723	–	858,282
Depreciation for the year	84,750	109,111	3,468	239,034	–	436,363
Reclassifications	–	153,855	–	(153,855)	–	–
Disposals	–	(670)	–	–	–	(670)
Write-offs	(29,648)	(155,230)	–	(13,825)	–	(198,703)
Adjustments	(1,973)	–	–	–	–	(1,973)
Foreign exchange difference	(3,130)	(1,337)	–	(7,821)	–	(12,288)
Balance as at 30 September 2022	232,166	308,408	20,181	520,256	–	1,081,011
Net carrying amount						
Balance as at 30 September 2022	224,178	379,581	20,062	986,403	422,166	2,032,390
Cost						
Balance as at 1 October 2020	209,998	404,055	44,807	907,536	6,852	1,573,248
Additions	19,195	6,180	–	23,955	161,168	210,498
Transfers	–	–	–	6,852	(6,852)	–
Write-offs	(8,136)	(27,850)	(4,564)	(77,656)	–	(118,206)
Foreign exchange difference	36,809	167	–	23,602	1,153	61,731
Balance as at 30 September 2021	257,866	382,552	40,243	884,289	162,321	1,727,271
Accumulated depreciation						
Balance as at 1 October 2020	86,230	125,002	17,809	187,183	–	416,224
Depreciation for the year	69,061	80,728	3,468	265,800	–	419,057
Write-offs	(5,398)	(3,137)	(4,564)	(5,626)	–	(18,725)
Foreign exchange difference	32,274	86	–	9,366	–	41,726
Balance as at 30 September 2021	182,167	202,679	16,713	456,723	–	858,282
Net carrying amount						
Balance as at 30 September 2021	75,699	179,873	23,530	427,566	162,321	868,989

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

During the financial year ended 30 September 2022 and 2021, all education businesses incurred losses, which may indicate that the plant and equipment, intangibles and right-of-use assets ("operating assets") may be impaired. Management performed impairment assessments on these operating assets for the education businesses to determine their recoverable amounts based on the value-in-use ("VIU") calculations.

In carrying out the impairment assessments, management had identified and allocated the operating assets to the respective cash generating units ("CGUs"). Accordingly, the recoverable amounts of the CGUs are determined by estimating the expected discounted future cash flows. The details of the key assumptions used are disclosed in Note 11 to the financial statements.

11. INTANGIBLE ASSETS

	Area development and centre fees	Set-up fee and brand licensing fee	Computer software licence	Customer-related assets	Goodwill	Total
	US$	US$	US$	US$	US$	US$
Cost						
Balance as at 1 October 2021	398,780	40,000	121,653	273,913	6,376,406	7,210,752
Additions	219,053	–	26,527	–	–	245,580
Write-offs	(1,347)	–	(6,115)	–	–	(7,462)
Reclassification	18,306	–	(18,306)	–	–	–
Foreign exchange difference	(12,399)	–	(760)	–	(202,584)	(215,743)
Balance as at 30 September 2022	622,393	40,000	122,999	273,913	6,173,822	7,233,127
Accumulated amortisation and impairment						
Balance as at 1 October 2021	107,312	40,000	93,044	273,913	–	514,269
Amortisation for the year	54,736	6,000	13,606	–	–	74,342
Reversal of impairment for the year	–	(30,000)	–	–	–	(30,000)
Reclassifications	11,770	–	(11,770)	–	–	–
Write-offs	(1,347)	–	(3,143)	–	–	(4,490)
Foreign exchange difference	(2,231)	–	(206)	–	–	(2,437)
Balance as at 30 September 2022	170,240	16,000	91,531	273,913	–	551,684
Net carrying amount						
Balance as at 30 September 2022	452,153	24,000	31,468	–	6,173,822	6,681,443
Cost						
Balance as at 1 October 2020	395,372	40,000	103,904	273,913	6,291,859	7,105,048
Additions	2,729	–	–	–	–	2,729
Write-offs	–	–	(4,842)	–	–	(4,842)
Foreign exchange difference	679	–	22,591	–	84,547	107,817
Balance as at 30 September 2021	398,780	40,000	121,653	273,913	6,376,406	7,210,752
Accumulated amortisation and impairment						
Balance as at 1 October 2020	65,875	40,000	47,731	218,262	–	371,868
Amortisation for the year	34,597	–	23,436	55,651	–	113,684
Foreign exchange difference	6,840	–	21,877	–	–	28,717
Balance as at 30 September 2021	107,312	40,000	93,044	273,913	–	514,269
Net carrying amount						
Balance as at 30 September 2021	291,468	–	28,609	–	6,376,406	6,696,483

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

The carrying amounts of significant intangible assets allocated to the respective CGU which have been grouped to the following segments:

		Education				Security services	
		Myanmar		Vietnam		Myanmar	
		2022	2021	2022	2021	2022	2021
	Note	US$	US$	US$	US$	US$	US$
Goodwill		–	–	4,734,832	4,937,416	1,438,990	1,438,990
Area development and centre fees	(a)(b)	195,798	114,168	256,355	177,300	–	–

a. The area development fee is for the exclusive right to develop and operate the "Wall Street English" language centres in Myanmar while the centre fees are paid for the opening of each new "Wall Street English" language centre in Myanmar and Vietnam for a period of 10 years from the date operation commences and when the new centre commences operations respectively.

   The remaining useful lives of the area development and centre fees ranges between 4 to 8 (2021: 5 to 9) years.

b. On 25 April 2022 and 15 August 2022, the Group entered into exclusive franchising agreements 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 and Vietnam, respectively for a period of 10 years. Under the terms of these agreements, the Group paid an initial fee of US$216,048 for Myanmar and Vietnam (EUR100,000 for each territory).

   The remaining useful lives of the area development ranges from 9.5 – 9.9 years.

IMPAIRMENT TESTING OF GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill acquired in a business combination is allocated to the cash−generating units ("CGUs") that are expected to benefit from that business combination, which is also the reportable operating segment. The management determines whether goodwill is impaired at least on an annual basis and as and when there is an indication that goodwill may be impaired. Other intangible assets with finite useful lives are assessed for indicators of impairment at the end of the financial year.

The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

During the financial year, management determined that:

i. no impairment for any of its CGUs containing goodwill or other intangible assets with finite useful lives; and

ii. the recoverable amount of Auston's CGU had exceeded the carrying amounts of the operating assets of the CGU. This resulted in a reversal of impairment of US$30,000 during the financial year in respect of the set-up fee and brand licensing fees for Auston in Myanmar.

The recoverable amounts of the CGUs are determined from value−in−use calculations based on cash flow forecasts derived from the most recent financial budgets approved by management for the next 5 years.

Financial budgets are prepared for CGUs with consideration of the timing, extent and future recovery from the Covid-19 pandemic with consideration of several other factors such as the general political, macroeconomic environment and initiatives within the control of the Group. In respect of the CGU for Security services, demand peaked and remained at high levels as there is no significant improvement in the Myanmar state of Emergency. Adjustments were made to reflect normalised future growth rates.

The key assumptions for these value-in-use calculations are those regarding the discount rates, revenue growth rates and gross margins which consider the current economic, business environment and extent of recovery from the Covid-19 pandemic. The severity of the impact of these events varied from country to country and industries.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

The key assumptions for these value-in-use calculations are as follows:

	Education				Services	
	Vietnam		Myanmar		Myanmar	
	2022	2021	2022	2021	2022	2021
	%	%	%	%	%	%
Discount rate [1]	21	18	25 – 30	19 – 25	29	24
Average growth rate [2]	5 – 70	11	5 – 61	7 – 31	10 – 15	6
Terminal value growth rate [3]	1	1	5	0 – 2	5	1

[1] Pre–tax discount rate applied to the cash flow projections

[2] Revenue growth rate for the 5–year period.

[3] Terminal growth rate used in the cash flow projections which does not exceed the expected inflation for the country of operations.

The Education segment in Myanmar includes the following CGUs: Wall Street English Myanmar, Auston and the Yangon American International School.

KEY ASSUMPTIONS USED IN THE VALUE-IN-USE CALCULATIONS

The calculations of value–in–use for all the CGUs are most sensitive to the following assumptions:

Revenue growth rates – The forecasted sales growth rates are based on management estimates with reference to the historical trend as well as the forecasted economic condition over the budgeted period of 5 years.

Pre–tax discount rates – Discount rates are based on the Group's post-tax weighted average cost of capital are benchmarked to externally available data such as country risk premium, equity risk premium and beta adjusted to reflect the CGUs geographical location of operations and management's assessment of specific risks related to each of the cash generating units.

Terminal value – The terminal growth rate is based on management's expected long-term sustainable growth rate, taking into consideration the economic and political environment of the countries these CGUs are located and operating.

Sensitivity to changes in the key assumptions

Based on the sensitivity analysis performed on the key assumptions in the impairment assessments, no reasonably possible change in any of the key assumptions would cause the carrying amounts of the CGUs and the related goodwill to exceed their recoverable amount except for the Yangon American International School. A more in-depth analysis has been conducted for the Yangon American International School, whereby (i) an increase in discount rate of 1.0%, (ii) reduction of 1.0% average revenue growth and terminal value growth rate of 4.0% would result in the recoverable amount being equal to the carrying amount.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

12. LEASES

The Group leases a number of properties for its office premise and Education campuses in Vietnam and Myanmar. The Group's obligation under the lease is secured by the leased asset. The Group is restricted from assigning and subleasing the leased asset. These leases entered are with fixed payments over the lease terms. The leases are for a period of 1 to 10 years, with an option to renew for a further 2 to 5 years. For leases with variable lease payment based on a percentage of revenue over the rental period, the variable lease payment is not included in the measurement of lease liabilities and is recognised in profit or loss as incurred.

The Group also leases certain equipment with only fixed payments over the lease terms.

Certain leases contain extension or termination option held and exercisable by the Group. The judgement used in determining the lease term is disclosed under Note 3.1 to the financial statements.

Certain motor vehicles, signage, office and employee residences are leased, based on terms of 12 months or less and accordingly the Group applied the "short−term lease" recognition exemptions for these leases. The election of short−term leases exemption is made by class of underlying assets with similar nature and use in the Group's operations whereas the low−asset value lease exemption is made on lease−by−lease basis.

The majority of the extension options are exercisable by the Group and not by the lessor. The leases for certain leased properties contain extension periods, for which the related lease payments had not been included in the lease liabilities as the Group is not reasonably certain to exercise these extension options and the Group could replace these assets without significant cost or business disruption. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations to align with the Group's business requirements.

As at 30 September 2022, the Group has US$211,000 (2021: US$98,000) of aggregate undiscounted commitments for short−term leases.

(a) Right-of-use assets

	International school building	Office premise and education campuses	Motor vehicles	Total
	US$	US$	US$	US$
At 1 October 2021	2,714,989	7,171,674	207,628	10,094,291
Additions	–	4,854,227	–	4,854,227
Amortisation charge	(346,179)	(2,250,212)	(98,479)	(2,694,870)
Lease modification	(264,151)	(417,486)	(48,544)	(730,181)
Foreign exchange difference	–	(248,328)	–	(248,328)
At 30 September 2022	2,104,659	9,109,875	60,605	11,275,139
At 1 October 2020	3,089,470	5,989,001	231,556	9,310,027
Additions	–	3,453,823	87,864	3,541,687
Amortisation charge	(374,481)	(2,074,602)	(111,792)	(2,560,875)
Lease modification	–	(283,039)	–	(283,039)
Foreign exchange difference	–	86,491	–	86,491
At 30 September 2021	2,714,989	7,171,674	207,628	10,094,291

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

(b) Lease liabilities

	International school building	Office premise and education campuses	Motor vehicles	Total
	US$	US$	US$	US$
At 1 October 2021	2,600,122	6,957,119	213,938	9,771,179
Additions	–	4,854,227	–	4,854,227
Interest expense	134,521	612,268	7,581	754,370
Lease modification	(264,151)	(425,288)	(40,742)	(730,181)
Lease concession	–	(161,774)	–	(161,774)
Lease payments:				
- Principal portion	(345,479)	(1,781,295)	(108,639)	(2,235,413)
- Interest portion	(134,521)	(612,268)	(7,581)	(754,370)
Foreign exchange differences	–	(393,615)	–	(393,615)
At 30 September 2022	1,990,492	9,049,374	64,557	11,104,423
At 1 October 2020	3,114,832	5,998,172	232,118	9,345,122
Additions	–	3,453,823	87,864	3,541,687
Interest expense	165,290	576,563	14,592	756,445
Lease modification	–	(283,038)	–	(283,038)
Lease concession	(200,000)	(568,474)	–	(768,474)
Lease payments:				
- Principal portion	(314,710)	(891,715)	(106,044)	(1,312,469)
- Interest portion	(165,290)	(322,101)	(14,592)	(501,983)
Foreign exchange differences	–	(1,006,111)	–	(1,006,111)
At 30 September 2021	2,600,122	6,957,119	213,938	9,771,179

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

The maturity analysis of lease liabilities of the Group at each reporting date are as follows:

	2022	2021
	US$	US$
Contractual undiscounted cash flows		
Not later than a year	2,589,378	2,442,610
Between one and two years	3,577,548	3,273,925
Between two and five years	5,348,376	4,645,407
More than five years	1,968,165	1,362,171
	13,483,467	11,724,113
Less: Future interest expense	(2,379,044)	(1,952,934)
Present value of lease liabilities	11,104,423	9,771,179
Presented in consolidated statement of financial position		
- Current	1,961,444	1,860,070
- Non-current	9,142,979	7,911,109
	11,104,423	9,771,179

As at 30 September 2022, the net carrying amounts of ROU and lease liabilities arising from lease of Office premise and Education campuses from a related party (refer to entities where a Director of certain Group's subsidiaries has beneficial interests) of the Group amounted to US$2,799,850, US$311,231 and US$2,032,377 (2021: US$3,379,857, US$2,910,937 and US$2,555,070), respectively. These related party transactions were at terms agreed between the respective parties

The currency profile of lease liabilities of the Group at each reporting date are as follows:

	2022	2021
	US$	US$
United States Dollar	2,073,626	3,349,182
Myanmar Kyat	2,343,607	2,074,055
Vietnamese Dong	6,687,190	4,347,942
	11,104,423	9,771,179

(c) Amount recognised in profit or loss

	2022	2021
	US$	US$
Amortisation of right−of−use assets	2,694,870	2,560,875
Interest expense on lease liabilities	754,370	756,445
Lease concession	(161,774)	(768,474)
Variable lease payments/(reversal)	(16,265)	19,143
Lease expense not capitalised in lease liabilities:		
- Expense relating to short−term leases	213,712	396,750
Total amount recognised in profit or loss	3,484,913	2,964,739

The Group had total cash outflows for leases of US$3,203,495 (2021: US$2,211,202) which includes expense relating to short-term lease of US$213,712 (2021: US$396,750).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

13. INVESTMENTS IN SUBSIDIARIES

The following are all the subsidiaries of the group that have been included in the consolidated financial statements and their particulars are as detailed below:

Held by the Company

Name of Company (Country of incorporation and principal place of business)	Principal activities	Effective interest held by Company		Proportion of ownership held by non–controlling interests	
		2022	2021	2022	2021
		%	%	%	%
Held by the Company					
MS Exera Pte Ltd ("MS Exera")[1] (Singapore)	Investment holding and provision of management services	100	100	–	–
MS Leisure Pte Ltd ("MS Leisure")[1] (Singapore)	Investment holding and provision of management services	100	100	–	–
MS English Pte. Ltd. ("MS English") [1] (Singapore)	Investment holding and provision of management services	100	100	–	–
MS Auston Pte. Ltd. ("MS Auston") [1] (Singapore)	Investment holding and provision of management services	100	70	–	30
MMS English 2 Pte. Ltd. ("MS English 2") [1] (Singapore)	Investment holding and provision of management services	100	100	–	–
AS English 3 Pte. Ltd. ("AS English 3")[1] (Singapore)	Investment holding and provision of management services	100	–	–	–
American International Partners Limited ("AIP") [2] (Myanmar)	Operation of an international school in Myanmar	100	100	–	–
Held through MS Exera					
EXERA Myanmar Limited ("EXERA Myanmar")[2] (Myanmar)	Provision of integrated security services	100	100	–	–
Held through MS Leisure					
L Partners Limited ("L Partners")[2] (Myanmar)	Operation and management of Kids&Us English language centres	100	100	–	–

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

Name of Company (Country of incorporation and principal place of business)	Principal activities	Effective interest held by Company		Proportion of ownership held by non–controlling interests	
		2022	2021	2022	2021
		%	%	%	%
Kipling Global Hospitality Group Limited ("Kipling")[2] (Myanmar)	Liquidated (with effect on 27 December 2022)	100	100	–	–
Held through MS English					
E Partners Limited ("E Partners")[2] (Myanmar)	Operation and management of Wall Street English language centres	100	100	–	–
Held through MS Auston					
A Partners Limited ("A Partners")[2] (Myanmar)	Operation and management of Auston	100	100	–	–
Held through MS English 2					
Wall Street English Limited Liability Company ("WSE Vietnam")[3] (Vietnam)	Operation and management of Wall Street English language centres	100	100	–	–
Held through AS English 3					
AS English Vietnam Limited Liability Company ("AS Vietnam")[3] (Vietnam)	Operation and management of Kids&Us English language centres	100	–	–	–

[1] Audited by BDO LLP, Singapore.

[2] Audited by BDO Consulting (Myanmar) Co. Ltd, for consolidation purposes.

[3] Audited by BDO Audit Services Co., Ltd. (Vietnam) for consolidation purposes and for statutory reporting in Vietnam.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

a) Acquisition of a non-controlling interest in a subsidiary

MS Auston Pte Ltd

The Company had on 7 February 2022 acquired 3,000 ordinary shares, representing 30% equity interest, from the non-controlling interest for a consideration of US$1.00. The carrying value of the net liabilities of MS Auston Pte Ltd as at the date of acquisition was US$279,693 and the carrying value of the additional equity interest 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 interest recognised directly in equity in equity reserve.

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

	2022
	US$
Amount paid on changes in ownership interest in a subsidiary	1
Non-controlling interest comprising net liabilities acquired	83,908
Total amount recognised in equity reserves (Note 23)	83,909

b) Newly incorporated subsidiary

AS English 3 Pte Ltd ("AS English 3")

AS English 3 was incorporated on 18 February 2022 in the Republic of Singapore with an issued paid-up share capital of US$100, which was fully subscribed by Asia Strategic Holdings Limited.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	2022	2021
	US$	US$
At 1 October	314,125	675,574
Fair value recognised in other comprehensive income	(157,063)	(361,449)
At 30 September	157,062	314,125

Detail of the investment is as follows

	2022	2021
	US$	US$
Listed equity instrument		
- London Stock Exchange (AIM Market)	157,062	314,125

The Group designated the investment as quoted equity security to be measured at FVOCI. The Group intends to hold the 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 day of the financial year.

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

15. INVENTORIES

Inventories of the Group consist of consumables, security accessories, uniform, raw materials, fabric, merchandise and academic books.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

16. TRADE AND OTHER RECEIVABLES

	2022	2021
Current	**US$**	**US$**
Trade receivables		
Third parties	663,789	741,036
Less: Loss allowances	(15,453)	–
Third parties, net	648,336	741,036
Accrued receivables	6,913	75,554
Related party	–	1,042,614
Less: Loss allowances	–	(989,688)
Total trade receivables	655,249	869,516
Other receivables		
Third parties	280,327	280,327
Less: Loss allowances	(280,327)	(280,327)
Sundry receivables	–	39,465
Rental deposits	77,619	75,642
Prepayments for enrolment expenses	333,229	229,250
Sales tax	56,475	–
Other prepayments	506,393	176,430
Total other receivables	973,716	520,787
Total trade and other receivables (current)	1,628,965	1,390,303
Non-current		
Related party		
– trade	1,042,614	–
– non-trade	4,256,996	3,914,406
Less: Loss allowances	(4,400,124)	(3,410,436)
	899,486	503,970
Rental deposits	545,296	442,609
Prepayments for enrolment expenses	97,719	44,037
Total other receivable (non-current)	1,542,501	990,616
Total trade and other receivables	3,171,466	2,380,919
Less: Prepayments	(937,341)	(449,717)
Less: Sales tax	(56,475)	–
Add: Cash and cash equivalents and fixed deposits (Note 17)	1,980,232	2,265,882
Financial assets at amortised cost	4,157,882	4,197,084

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

TRADE AND OTHER RECEIVABLES

Trade receivables are non−interest bearing and are generally on 15 to 60 (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 related parties are non−trade in nature, unsecured, interest−free and are repayable on demand.

EXPECTED CREDIT LOSS ALLOWANCES

i) Trade receivables – Third party

During the financial year, a one-off loss allowance of US$15,453 (2021: US$Nil) was made for a third party trade debtor determined to be credit-impaired as the likelihood of recovery is remote.

ii) Other receivables – Third party

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.

iii) Other receivables – Related party

In the previous financial year, loss allowances of US$1,004,384 were made on the trade and non−trade amounts due from a related party in respect of payments made on behalf and advances for the operation of the managed operations of Wall Street English and Auston in Myanmar. The loss allowance made based on the financial information of the related party and the expected repayment from the provision of property management services to the Group. At the end of reporting period, the total carrying amount of trade and non-trade receivables due from the related party is US$Nil and US$899,486 (2021: US$52,926 and US$503,970) respectively.

The expected recovery of the amounts due from a related party resulted in a reclassification of the balances to non-current based on the expected settlement which falls more than 12 months after the end of the reporting period.

The Group's trade and other receivables balances are denominated in the following currencies:

	2022	2021
	US$	US$
United States Dollar	2,186,608	885,396
Myanmar Kyats	379,259	723,033
Vietnamese Dong	579,710	748,983
Singapore Dollar	4,187	–
Euro	21,702	23,507
	3,171,466	2,380,919

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

17. CASH AND CASH EQUIVALENTS AND FIXED DEPOSITS

	2022	2021
	US$	US$
Cash at bank	986,400	1,829,015
Cash at financial institutions	47,980	3,374
Cash on hand	945,852	332,868
Cash and cash equivalents	1,980,232	2,165,257
Fixed deposits	–	100,625
	1,980,232	2,265,882

Cash at bank earns interest at floating rates based on daily bank deposit rates.

In the previous financial year, fixed deposits were placed for periods of 30 to 365 days and yielded interest 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:

	2022	2021
	US$	US$
United States Dollar	1,142,830	1,111,559
Singapore Dollar	209,294	56,181
Myanmar Kyat	430,909	667,072
Vietnamese Dong	151,097	430,555
Euro	46,102	515
	1,980,232	2,265,882

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

	2022	2021
	US$	US$
Fixed deposits	–	100,625
Cash and bank balances and on hand	1,980,232	2,165,257
Total	1,980,232	2,265,882
Less: pledged fixed deposits	–	(100,625)
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	1,980,232	2,165,257

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

18. SHAREHOLDER'S LOANS (UNSECURED)

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

				Non–cash changes		
	2021	Drawdown of loan	Repayment of loans	Subscription of convertible notes	Interest expense	2022
	US$	US$	US$	US$	US$	US$
Facility 1	3,151,576	250,000	(2,004,725)	–	103,149	1,500,000
Facility 2	2,591,971	–	(104,712)	(2,500,000)	12,741	–
	5,743,547	250,000	(2,109,437)	(2,500,000)	115,890	1,500,000

			Non–cash changes		
	2020	Drawdown of loan	Repayment of loan	Interest expense	2021
	US$	US$	US$	US$	US$
Facility 1	2,188,124	1,000,000	(188,124)	151,576	3,151,576
Facility 2	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

Loan Facility 1
On 1 July 2019, the Group secured a loan facility of up to US$3,000,000 with its shareholder, Macan Pte Ltd ("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.

Loan Facility 2
On 23 March 2020, 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 MACAN for the following:

i. Subscribed a total amount of US$3,500,000 Zero Coupon Convertible Notes (Note 22) 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% (2021: 6%) per annum and are repayable on demand in full with all accrued interest, in any case no later than 30 June 2024. As at reporting date, MACAN has indicated that it will not demand repayment within the next 12 months from the date of approval of the audited financial statements of the Group for the financial year ended 30 September 2022.

19. BANK LOAN (UNSECURED)

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 US$115,530. The loan is denominated in Vietnamese Dong, repayable 11 months from the date of disbursement of the loan and any overdue balances bears interest of 12% per annum. The loan has been repaid in full in December 2022.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

20. TRADE AND OTHER PAYABLES

	2022	2021
	US$	US$
Trade payables		
Third parties	940,798	624,725
Accrued enrolment expenses	116,103	55,563
Total trade payables	1,056,901	680,288
Other payables		
Third parties	59,162	18,429
Related party	–	18,512
Accruals – others	1,039,572	1,060,038
Accruals – bonus	703,330	769,195
Refundable deposits from customers	735,513	131,293
Sales tax	42,420	19,926
Total other payables	2,579,997	2,017,393
Total trade and other payables	3,636,898	2,697,681
Add: Lease liabilities (Note 12)	11,104,423	9,771,179
Add: Shareholder's loans (Note 18)	1,500,000	5,743,547
Add: Bank loan (Note 19)	115,530	–
Less: Sales tax	(42,420)	(19,926)
Financial liabilities carried at amortised cost	16,314,431	18,192,481

Trade amounts due to third parties are unsecured, non–interest bearing and are on 15 to 60 (2021: 15 to 45) days credit term.

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

Trade and other payables are denominated in the following currencies:

	2022	2021
	US$	US$
United States Dollar	1,641,267	1,323,232
Singapore Dollar	72,002	29,768
Myanmar Kyat	1,092,685	485,108
Vietnamese Dong	644,812	778,251
Pound Sterling	183,336	68,979
Euro	2,796	12,343
	3,636,898	2,697,681

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

21. SHARE CAPITAL

	2022	2021	2022	2021
	Number of shares		US$	US$
Issued and fully paid ordinary shares:				
At 1 October	2,845,920	2,804,920	20,799,638	20,553,638
Shares issued during the financial year	80,000	41,000	640,000	246,000
At 30 September	2,925,920	2,845,920	21,439,638	20,799,638

On 13 December 2021, the Company issued 80,000 ordinary shares at US$8.00 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$640,000, in respect of employment services rendered for financial year ended 30 September 2021 to certain key management personnel as detailed in Note 6 to the financial statements.

In the previous financial period, on 24 June 2021, the Company issued 41,000 ordinary shares at US$6.00 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 financial period from 1 April 2019 to 30 September 2020 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 restriction.

22. CONVERTIBLE NOTES

	2022	2021
Recognised in equity (Note 2.13):	US$	US$
At 1 October	–	–
Issued and paid during the financial year:		
- Cash	3,230,000	–
- Shareholder's loans (Note 18)	2,500,000	–
At 30 September	5,730,000	–

The Group launched a Convertible Notes Programme to raise up to US$10 million for working capital and future investments. The convertible notes ("CN") holders had an option to subscribe to either (i) a 10% coupon option ("10% Coupon Convertible Notes") or (ii) a zero−coupon option ("Zero Coupon Convertible Notes"). The proceeds from the convertible notes were limited to 50% for activities in Myanmar and rank pari passu to all present and future unsecured obligations.

The CNs are mandatorily convertible at the date falling on the earlier of the maturity date (30 October 2024) or when the Qualifying Event is satisfied ("Conversion Date"). On the Conversion Date, the CNs are converted based on the stipulated conversion price and are paid-up in full to the note holders entirely (interest and principal) through the issuance of ordinary shares of the Company.

The convertible notes were issued on 1 November 2021 and 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 by MACAN amounting to US$3,500,000, of which US$1,000,000 was in cash and the rest was from conversion of a loan from MACAN, as detailed in Note 18 of the financial statements); and

ii. 10% Coupon Convertible Notes amounting to US$500,000.

Both the Zero-Coupon and 10% Coupon Convertible Notes met the fixed for fixed criteria and the entire amount is recognised within equity. The convertible notes are denominated in United States dollar.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

The salient features of the convertible notes are as follows:

Type	Zero-Coupon Convertible Notes	10% Coupon Convertible Notes
Tenure	Up to 3 years	Up to 3 years
Maturity	30 October 2024	30 October 2024
Coupon	Zero-coupon	10% annual
Conversion price	The higher of: i. Floor Subscription Price; and ii. the Discounted Subscription Price.	The higher of: i. US$15.00 per Share; and ii. 90% of the subscription price per Share for a Qualifying Event
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
Conversion date	The date falling on the earlier of: i. the Maturity Date; and ii. the Qualifying Event.	The date falling on the earlier of: i. the Maturity Date; and ii. the Qualifying Event.
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

23. OTHER RESERVES

	2022	2021
	US$	US$
Share option reserve	968,819	774,102
Fair value reserve	(605,692)	(448,629)
Equity reserve	(212,271)	(128,362)
Foreign exchange reserve	28,858	(123,237)
At 30 September	179,714	73,874

a. **Equity reserves**

The equity reserve represents the effects of changes in ownership interests in subsidiaries when there is no change in control.

b. **Accumulated losses**

Accumulated losses represent all other net gains and losses and transactions with owners not recognised elsewhere.

c. **Foreign exchange reserve**

The foreign exchange reserve of the Group represents foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. This is non–distributable and the movements in this account are set out in the statements of changes in equity.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

d. Fair value reserve

	2022	2021
	US$	US$
At 1 October	(448,629)	(87,180)
Changes in fair value during the year	(157,063)	(361,449)
At 30 September	(605,692)	(448,629)

Fair value reserve represents the cumulative fair value changes, net of tax, of financial assets measured at FVOCI until they are derecognised. Upon derecognition, the cumulative fair value changes will be transferred to retained earnings.

e. Share option reserve

	2022	2021
	US$	US$
At 1 October	774,102	610,737
Share option expense	194,717	163,365
At 30 September	968,819	774,102

Share option reserve represents the equity−settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity−settled share options and is reduced by the forfeiture of the share options.

EMPLOYEE SHARE OPTION SCHEMES ("ESOS 2016") AND ("ESOS 2022")

At an Extraordinary General Meeting held on 25 October 2016, the shareholders approved the Employee Share Option Scheme granting share options to certain Directors, senior management and key employees and consultants of the Group. The Remuneration Committee comprising all the Independent Non−Executive Directors, Christopher John David Clarke, who acts as chairman of the committee, Richard Edgar Greer and Dennis Yeo Ting Teck are responsible for administering the ESOS 2016 and ESOS 2022.

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 ("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.

The Group had on 23 May 2017, 1 December 2017, 17 October 2018, 21 July 2020 and 5 July 2022 entered into share option agreements with the employees and Directors of the Group to allot and issue 117,000, 13,000, 72,000, 61,500 and 135,000 share options, respectively.

Statutory and other information regarding ESOS 2022 are set out below:

i. Consideration payable by each option holder for the grant is US$1.00.

ii. Exercise price is US$11.00 per ordinary share.

iii. Options are valid during the period commencing on the grant date and terminating on the tenth anniversary of the grant date for up to 200,000 ordinary shares with no par value in the capital of the Company ("Option Shares").

iv. Options granted will vest with effect as follows:

   a. from the first anniversary in respect of 40 percent of the Option Shares.

   b. from the second anniversary in respect of a further 40 percent of the Option Shares.

   c. from the third anniversary in respect of a further 20 percent of the Option Shares.

v. Options will only be exercisable in respect of Option Shares that have already vested.

vi. If the participants cease to be director or employee of the Company and its subsidiaries at any time, then the Option will only be exercisable in respect of the Option Shares that have vested prior to the date of termination.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

Statutory and other information regarding ESOS 2016 are set out below:

i. Consideration payable by each option holder for the grant is US$1.00.

ii. Exercise price is US$11.00 per ordinary share.

iii. Options are valid during the period commencing on the grant date and terminating on the tenth anniversary of the grant date for up to 200,000 ordinary shares with no par value in the capital of the Company ("Option Shares").

iv. Options granted will vest with effect as follows:

   a. from the second anniversary in respect of 50 percent of the Option Shares.

   b. from the third anniversary in respect of a further 30 percent of the Option Shares.

   c. from the fourth anniversary in respect of a further 20 percent of the Option Shares

v. Options will only be exercisable in respect of Option Shares that have already vested.

vi. If the participants cease to be director or employee of the Company and its subsidiaries at any time, then the Option will only be exercisable in respect of the Option Shares that have vested prior to the date of termination.

The weighted average fair value of the share options granted during the financial year is US$2.15. These granted share options have a weighted average contractual life of 6.69 years.

These fair values were calculated using the Black–Scholes pricing model using the following assumptions:

	Grant date				
	23 May 2017	1 December 2017	17 October 2018	21 July 2020	5 July 2022
	US$	US$	US$	US$	US$
Fair value at grant date (US$)	4.48	7.09	5.17	5.13	3.02
Grant date share price (US$)	10.00	13.00	10.00	10.00	6.50
Exercise price (US$)	11.00	11.00	11.00	11.00	11.00
Expected volatility	33.91%	36.07%	38.43%	42.92%	44.87%
Option life	10 years	10 years	10 years	10 years	10 years
Risk-free annual interest rate	2.28%	2.36%	3.21%	0.60%	2.88%

Expected volatility was determined by calculating the historical volatility share price over a period of ten years of comparable companies in similar industries. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non–transferability, exercise restrictions and behavioural considerations.

The Group recognised total expenses of US$194,717 (2021: US$163,365) related to equity–settled share–based payment transactions during the financial year.

The following reconciles the share options outstanding at the start and at end of the financial year.

	2022		2021	
	Number	Weighted average exercise Price (US$)	Number	Weighted average exercise Price (US$)
		US$		US$
At 1 October	193,500	11.00	200,000	11.00
Granted	135,000	11.00	–	11.00
Forfeited	–	11.00	(6,500)	11.00
At 30 September	328,500	11.00	193,500	11.00

As at 30 September 2022, 164,700 (2021: 158,171) shares options are exercisable.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

24. LOSS PER SHARE

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:

	2022	2021
Numerator		
Loss for the financial year attributable to the owners of the parent (US$)	(5,936,622)	(5,781,316)
Denominator		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	2,910,619	2,823,964
Loss per share (US$)		
Basic and diluted	(2.04)	(2.05)

In the current and previous financial year, diluted loss per share is the same as the basic loss per share because the

potential ordinary shares to be exercised are anti−dilutive as the effect of the shares conversion would be to decrease the loss per share. Accordingly, the dilutive effect arising from the dilutive share options and full conversion of convertible notes into ordinary shares are not considered.

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial year, 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:

	2022	2021
	US$	US$
Related party#:		
- Management fees	218,159	497,849
- Advances to	395,516	592,278
- Repayment by	–	(48,013)
Corporate shareholder*:		
Interest on shareholder's loans (Note 7)	115,890	243,547
Shareholder's loans (Note 18)	1,500,000	5,743,547
Subscription of convertible notes (Note 22)	3,500,000	–
Director of the subsidiaries:		
- Professional fees	42,000	90,000

Related party refer to entities where a Director of certain Group's subsidiaries has beneficial interests.

* Corporate shareholder refers to MACAN, a substantial shareholder.

The outstanding balances as at reporting date with related parties are disclosed in Notes 12, 16 and 20 to the financial statements, respectively.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Company's key management personnel are the Directors of the Company and its subsidiaries.

The remuneration of key management personnel of the Company and its subsidiaries during the financial year are as follows:

	2022	2021
	US$	US$
Short-term benefits	809,123	601,227
Other staff benefits	148,175	77,210
Share-based compensation		
- Share bonus (Note 6)	175,000	640,000
- ESOS (Note 22(e))	160,215	138,360
	1,292,513	1,456,797

26. COMMITMENT

At each reporting date, commitments in respect of capital expenditure, are as follows:

	2022	2021
	US$	US$
Capital expenditure contracted but not provided for		
- Property, plant and equipment	296,219	–

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

27. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker (Note 2.18).

Management monitors the Group's operations from both a geographic and sector perspective.

Geographically, management manages and monitors the business in these primary geographic areas: Singapore, 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 – Operation of education businesses ranging from early years to tertiary education and including vocational training, consultancy, advisory and project management services in the education sector in Myanmar and in Vietnam;

(b) Services – Provision of integrated security services, consultancy, advisory and project management services in the security and hospitality sectors in Myanmar. This reportable segment has been formed by aggregating the relevant operating entities, which are regarded by management to exhibit similar economic characteristics; and

(c) Others – Corporate services, management support and certain shares services to subsidiaries of the Group.

The "Others" operating segment includes the Group's minor trading and investment holding activities which are not included within reportable segments as (i) they are not separately reported to the chief operating decision maker, and (ii) they contribute minor amounts of revenue to the Group.

The Group's reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of the segments separately for the purposes of making decisions about resources to be allocated and assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss. Income taxes are managed by the management of respective entities within the Group.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operations before income tax expense not including non−recurring gains and losses and foreign exchange gains or losses. There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

Income taxes are managed by the management of respective entities within the Group.

The Key Management Personnel assesses the performance of the operating segments based, among others, on measure of (i) earnings before interest, income tax, depreciation and amortisation ("Adjusted EBITDA"), and (ii) Adjusted EBITDA less amortisation of right-of-use assets and interest on lease liabilities ("Adjusted EBITDA after impact of ROUs"), among others. These measurements basis excludes the effects of expenditure from the operating segments such as impairments and reversal of impairments that are not expected to recur regularly in every period and are separately analysed.

All income and expenses are allocated to the respective operating segments based on the entities within each operating segment, except for interest expenses which as this type of activity is managed centrally.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

Business segments

2022	Education US$	Services US$	Others US$	Total US$
Revenue	12,112,271	5,794,603	–	17,906,874
Cost of services	(6,103,995) *	(3,820,475) *	–	(9,924,470) *
Gross profit	6,008,276	1,974,128	–	7,982,404
Other income	20,539	48,868	11,304	80,711
Foreign exchange (loss)/gain, net	(901,889)	(85,078)	14,708	(972,259)
Administrative and other operating expenses	(9,539,048) **	(1,289,239)	(1,348,326) #	(12,176,613)
(Loss)/profit from operations	(4,412,122)	648,679	(1,322,314)	(5,085,757)
Finance cost	(708,281)	(38,507)	(115,890)	(862,678)
Segment (loss)/profit before tax	(5,120,403)	610,172	(1,438,204)	(5,948,435)
Income tax expense	–	(33,646)	–	(33,646)
(Loss)/profit after income tax	**(5,120,403)**	**576,526**	**(1,438,204)**	**(5,982,081)**
Other non-cash items:				
Total depreciation of plant and equipment	401,164	34,373	826	436,363
Total amortisation of right-of-use asset	2,496,729	198,141	–	2,694,870
Total amortisation of intangible assets	70,504	3,838	–	74,342
Impairment of trade and other receivables	–	15,453	–	15,453
Reversal of impairment of intangible assets	(30,000)	–	–	(30,000)
Finance costs (excluding interest on lease liabilities)	–	–	115,890	115,890
Total interest on lease liabilities	708,281	46,089	–	754,370
	3,646,678	297,894	116,716	4,061,288
Adjusted EBITDA	**(1,473,725)**	**908,066**	**(1,321,488)**	**(1,887,147)**
Adjusted EBITDA after impact of ROUs	**(4,678,735)**	**663,836**	**(1,321,488)**	**(5,336,387)**
Reportable segment assets	21,782,026	3,228,058	296,477	25,306,561
Financial assets at FVOCI	–	–	157,062	157,062
Total Group's assets				25,463,623
Included in the segment assets:				
Additions:				
- Plant and equipment	1,656,265	27,931	–	1,684,196
- Right–of–use assets	4,562,213	292,014	–	4,854,227
- Intangibles	245,580	–	–	245,580
Reportable segment liabilities representing total Group's liabilities	(23,440,701)	(943,810)	(1,954,617)	(26,339,128)

* Cost of services arising from "Education" and "Services" segments comprise mainly employee benefits expenses of US$3,653,927 and US$3,364,578, respectively.

** Include marketing expenses of US$1,899,581.

Include employee benefits expenses and professional fees of US$842,765 and US$317,977, respectively.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

	Education	Services	Others	Total
2021	**US$**	**US$**	**US$**	**US$**
Revenue	9,308,306	5,677,731	–	14,986,037
Cost of services	(6,272,154) *	(4,194,551) *	–	(10,466,705)
Gross profit	3,036,152	1,483,180	–	4,519,332
Other income	56,702	7,269	6,379	70,350
Foreign exchange (loss)/gain, net	743,148	38,012	(13,327)	767,833
Administrative and other operating expenses	(6,809,015) **	(1,656,974)	(1,854,576) #	(10,320,565)
(Loss)/profit from operations	(2,973,013)	(128,513)	(1,861,524)	(4,963,050)
Finance cost	(718,751)	(37,694)	(243,547)	(999,992)
Segment (loss)/profit before tax	(3,691,764)	(166,207)	(2,105,071)	(5,963,042)
Income tax credit/(expense)	166,505	(51,817)	–	114,688
(Loss)/profit after income tax	**(3,525,259)**	**(218,024)**	**(2,105,071)**	**(5,848,354)**
Other non-cash items:				
Total depreciation of plant and equipment	386,646	31,585	826	419,057
Total amortisation of right-of-use asset	2,374,423	186,452	–	2,560,875
Total amortisation of intangible assets	112,143	1,541	–	113,684
Impairment of trade and other receivables	1,004,384	–	–	1,004,384
Finance costs (excluding interest on lease liabilities)	–	–	243,547	243,547
Total interest on lease liabilities	718,751	37,694	–	756,445
	4,596,347	257,272	244,373	5,097,992
Adjusted EBITDA	**904,583**	**91,065**	**(1,860,698)**	**(865,050)**
Adjusted EBITDA after impact of ROUs	**(2,188,591)**	**(133,081)**	**(1,860,698)**	**(4,182,370)**
Reportable segment assets	19,398,361	2,682,549	322,020	22,402,930
Financial assets at FVOCI	–	–	314,125	314,125
Total Group's assets				22,717,055
Included in the segment assets:				
Additions:				
- Plant and equipment	177,663	31,691	1,144	210,498
- Intangibles	2,729	–	–	2,729
Reportable segment liabilities representing total Group's liabilities	(16,242,496)	(1,324,000)	(6,603,731)	(24,170,227)

* Cost of services arising from "Education" and "Services" segments comprise mainly employee benefits expenses of US$4,080,329 and US$3,665,149, respectively.

** Include impairment loss on amount due from a related party of US$1,004,384.

Include employee benefits expenses and professional fees of US$1,427,509 and US$422,934, respectively.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

GEOGRAPHICAL INFORMATION

The Group operates 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.

	2022	2021
	US$	US$
Revenue		
Singapore	33,079	–
Myanmar	10,482,770	7,507,002
Vietnam	7,391,025	7,479,035
	17,906,874	14,986,037
Segment non-current assets		
Singapore	25,450	1,603
Myanmar	7,554,647	8,015,138
Vietnam	12,408,875	9,643,022
	19,988,972	17,659,763

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

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

The Group's activities have exposure to credit risks, market risks (including foreign currency risks, interest rates risks and equity price risk) and liquidity risks arising in the ordinary course of business. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors are responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group's management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's exposure to these financial risks or the manner in which the risks are managed and measured, except for those key estimates and judgements applied in Note 3 to the financial statements.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange rates.

28.1 CREDIT RISKS

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults or requiring advance payments from customers. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require collaterals.

The Board of Directors has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

The Board of Directors determines concentrations of credit risk by quarterly monitoring the creditworthiness rating of existing customers and through a monthly review of the trade receivables' ageing analysis.

Excluding the amounts due from a related party, the Group has significant credit exposure arising from 1 (2021: 10) trade receivables amounting to US$104,430 (2021: US$408,168), representing 28% (2021: 55%) of the total trade receivables from third parties.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

The Group has significant credit exposure arising from trade and non−trade receivables due from a related party amounting to US$Nil and US$899,486 (2021: US$52,926 and US$503,970), representing 28% (2021: 23%) of the total current and non-current trade and other receivables.

As the Group do not hold any collateral, the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that financial instruments presented in the consolidated statement of financial position.

EXPECTED CREDIT LOSS ASSESSMENT FOR TRADE RECEIVABLES FROM THIRD PARTIES

The Group applies the simplified approach to measure the expected credit losses for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing.

The expected loss rates are based on the Group's historical credit losses experienced. The historical loss rates are then adjusted for current and forward−looking information on macroeconomic factors affecting the Group's customers. The Board of Directors has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors in the countries.

The following table provides information about the exposure to credit risk and expected credit loss for the Group's trade receivables from third parties as at 30 September 2022.

	2022	2021
	US$	US$
Current	533,758	634,177
Past due 1 to 30 days	28,768	140,698
Past due 31 to 60 days	62,005	18,231
Past due over 60 days	30,718	23,484
	655,249	816,590

The Group has assessed that the trade receivables due from third parties are subject to immaterial expected credit losses.

EXPECTED CREDIT LOSS ASSESSMENT FOR TRADE AND OTHER RECEIVABLES DUE FROM A RELATED PARTY, AND THIRD PARTY

a. Movement in the loss allowance for trade and other receivables are as follows:

	2022	2021
	US$	US$
At 1 October	4,680,451	3,676,067
Loss allowance recognised during the year	15,452	1,004,384
At 30 September	4,695,903	4,680,451

b. Based on management's review, loss allowance of US$15,453 (2021: US$ Nil) for a third party has been made which has been identified as credit impaired.

c. For amount due from a related party (Note 16), the Board of Directors has taken into account information that it has available internally about related party's past, current and expected operating performance and cash flow position. Board of Directors monitors and assess at each reporting date on any indicator of significant increase in credit risk on the amount due from a related party, by considering their performance and any default in external debts.

Based on their review, other receivables relating to related party has been identified as credit impaired. In the previous financial year, a loss allowance of US$1,004,384 for amounts due from a related party relating to other receivables for the operation of the managed language centres) as above has been made which has been identified as credit impaired. The loss allowances are measured at an amount equal to lifetime expected credit losses.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

OTHER RECEIVABLES DUE FROM THIRD PARTIES

For other receivables, the Board of Directors adopts a policy of dealing with high credit quality counterparties. Board of Directors monitors and assess at each reporting date on any indicator of significant increase in credit risk on these other receivables. Full impairment have been made on amounts due from third parties in respect of advances to the owners of the hostels. Other than those impaired as detailed in Note 16 to the financial statements, other receivables are measured at 12−month expected credit loss and subject to immaterial credit loss.

CASH AND CASH EQUIVALENTS AND FIXED DEPOSITS

Cash and cash equivalents and fixed deposits are mainly deposits with reputable banks with high credit ratings assigned by international credit rating agencies.

The cash and cash equivalents and fixed deposits are held with banks which are rated Baa2 to Aaa, based on Moody's rating. The Board of Directors monitors the credit ratings of counterparties regularly. Impairment on cash and cash equivalents and fixed deposits have been measured on the 12−month expected loss. At the reporting date, the Group did not expect any credit losses from non−performance by the counterparties.

The cash and cash equivalents and fixed deposits are categorised under the following countries:

	2022	2021
	US$	US$
Myanmar	1,303,696	1,369,988
Singapore	468,118	371,364
Vietnam	208,418	524,530
	1,980,232	2,265,882

28.2 MARKET RISKS

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates (currency risk), interest rates (interest rate risk) or other market factors (equity price risk).

FOREIGN CURRENCY RISKS

Foreign exchange risk arises when individual entities within the Group enters into transactions denominated in a currency other than their functional currency.

The currencies that give rise to this risk of the Group are primarily Myanmar Kyats ("Kyat"), Singapore dollar ("SGD"), British Pound ("GBP") and Euro.

There is an exposure to Myanmar Kyat ("Kyat") as the Myanmar subsidiaries have USD as functional currency.

The Group have not entered into any currency forward exchange contracts as at the end of the reporting period.

The Group's material exposure from foreign currency denominated financial assets and financial liabilities as at the end of the reporting period is as follows:

	United States Dollar	Myanmar Kyat	Vietnamese Dong	Others	Total
	US$	US$	US$	US$	US$
2022					
Financial assets	3,486,500	810,168	730,807	281,285	5,308,760
Financial liabilities	(5,214,893)	(3,436,292)	(7,447,532)	(258,134)	(16,356,851)
Net financial (liabilities)/assets	(1,728,393)	(2,626,124)	(6,716,725)	23,151	(11,048,091)
Add: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	(2,584,579)	(79,376)	6,429,565	214,305	3,979,915
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	(4,312,972)	(2,705,500)	(287,160)	237,456	(7,068,176)

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

	United States Dollar	Myanmar Kyat	Vietnamese Dong	Others	Total
	US$	US$	US$	US$	US$
2021					
Financial assets	2,107,492	1,386,661	936,854	80,203	4,511,210
Financial liabilities	(10,415,963)	(2,539,237)	(5,126,193)	(111,088)	(18,192,481)
Net financial (liabilities)/assets	(8,308,471)	(1,152,576)	(4,189,339)	(30,885)	(13,681,271)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	8,402,446	112,246	4,189,339	–	12,704,031
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	93,975	(1,040,330)	–	(30,885)	(977,240)

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to 30% (2021: 30%) change in Myanmar Kyat ("Kyat ") against United States dollar. The sensitivity analysis assumes an instantaneous change in the foreign currency exchange rates from the end of the reporting dated, with all variables held constant.

	Gain / (loss)	
	2022	2021
	US$	US$
Myanmar Kyats		
Strengthen against United States dollar	(812,000)	(312,000)
Weaken against United States dollar	812,000	312,000

INTEREST RATE RISK

The Group is not exposed to any significant interest rate risk as at reporting date as it does not have significant variable interest bearing financial assets and liabilities. The Group is primary exposed to fixed rate interest bearing loans from a shareholder. Accordingly, interest rate risk sensitivity analysis disclosure is deemed not necessary.

EQUITY PRICE RISKS

The Group holds strategic equity investments in other companies where those complement the Group's operations (see Note 14 to the financial statements). The directors believe that the exposure to market price risk from this activity is acceptable in the Group's circumstances.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at each reporting date.

The effect of a 20% (2021: 20%) increase in the value of the equity investment held at the reporting date would, all other variables held constant, have resulted in an increase in the fair value through other comprehensive income reserve and net assets of US$31,000 (2021: US$63,000). A 20% decrease in their value would, on the same basis, have decreased the fair value through other comprehensive income reserve and net assets by the same amount.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

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28.3 LIQUIDITY RISKS

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The following table details the Group's remaining contractual maturity for its non−derivative financial liabilities. The table has been drawn up based on undiscounted cash flows of financial liabilities based on the earlier of the contractual date or when the Group is expected to pay. The table includes both expected interest and principal cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	US$	US$	US$	US$	US$
2022					
Trade and other payables	3,594,478	–	–	–	3,594,478
Bank loan	115,530	–	–	–	115,530
Loans from a shareholder	–	1,657,500	–	–	1,657,500
Lease liabilities	2,589,378	3,577,548	5,348,376	1,968,165	13,483,467
	6,299,386	5,235,048	5,348,376	1,968,165	18,850,975
2021					
Trade and other payables	2,677,755	–	–	–	2,677,755
Loans from a shareholder	–	–	6,981,273	–	6,981,273
Lease liabilities	2,442,610	3,273,925	4,645,407	1,362,171	11,724,113
	5,120,365	3,273,925	11,626,680	1,362,171	21,383,141

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

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, sales taxes, due from a related party and advances), long term rental deposits 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 bank loan and loans due to a shareholder approximates its fair value as the fixed interest rate approximates market interest rates for such liabilities.

The non-current receivables due from a related party (Note 16) amounting to US$899,486 (2021: US$503,970) has an estimated fair value of US$899,486 (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.

The carrying amounts of non-current receivables and non-current rental deposits approximate their fair value due to insignificant effects of discounting.

Financial instruments measured at fair value

The financial instruments as disclosed in Note 14 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 year.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

30. CAPITAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Group manages its capital to ensure that the Group is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value. The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may issue new shares and enter into new debt arrangements.

The capital structure of the Group consists of equity attributable to the equity holders of the Company comprising issued capital, other reserves, and loans from a shareholder and convertible notes.

The Group's management reviews the capital structure on an annual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. The Group's overall strategy remains unchanged from 30 September 2021.

The Group is not subject to externally imposed capital requirements for the financial year ended 30 September 2022 and 30 September 2021.

Management monitors capital based on a gearing ratio.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as shareholder's loans, lease liabilities, bank loan less cash and cash equivalents and fixed deposits. Total capital is calculated as equity plus net debt.

	2022	2021
	US$	US$
Net debt (excl. shareholder's loans)	9,239,721	7,505,297
Shareholder's loans (Note 18)	1,500,000	5,743,547
Total equity	(875,505)	(1,453,172)
Total capital	9,864,216	11,795,672
Gearing ratio	109%	112%
Adjusted gearing ratio (excl. shareholder's loans) *	94%	64%

* Excluded shareholder's loan, as MACAN has indicated that it will not demand repayment within the next 12 months from the date of approval of the annual report.

ASIA STRATEGIC HOLDINGS LIMITED (ASIA : LN) IS AN INDEPENDENT DEVELOPER AND OPERATOR OF CONSUMER BUSINESSES LOCATED IN EMERGING ASIA, HOME TO SOME OF THE FASTEST-GROWING ECONOMIES IN THE WORLD.

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