

GSS ENERGY LIMITED

(the “Company”)



**Unaudited Condensed Interim Financial Statements
For the Six Months
Ended 30 June 2023**

14 August 2023

Company Registration Number: 201432529C

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Note:

- Discrepancies in numbers in all tables are due to rounding.

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

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

	Note ¹	Group 6 months ended 30 June		Change %
		2023 Unaudited S\$'000	2022 Unaudited S\$'000	
Revenue	8(ii)	58,982	67,010	(11.98)
Cost of Sales		(52,941)	(57,167)	(7.39)
Gross Profit	8(iii)	6,041	9,843	(38.63)
Other items of income				
Other income	8(iv)	457	680	(32.79)
Interest income	8(v)	42	12	>100.00
Other items of expenses				
Selling and distribution expenses		(5,622)	(5,457)	3.02
Administrative expenses		(2,441)	(2,472)	(1.25)
(Loss)/Profit from operations	8(xiii)	(1,523)	2,606	NM*
Finance costs	8(vi)	(709)	(531)	33.52
(Loss)/Profit before income tax		(2,232)	2,075	NM*
Income tax expenses	8(vii)	(858)	(772)	11.14
(Loss)/Profit for the financial period	8(xiii)	(3,090)	1,303	NM*
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences arising from translation of foreign operations		(228)	767	NM*
Other comprehensive income for the financial period, net of tax		(228)	767	NM*
Total comprehensive income for the financial period		(3,318)	2,070	NM*
(Loss)/Profit attributable to:				
Owners of the parent		(3,069)	1,341	NM*
Non-controlling interests		(21)	(38)	(44.74)
		(3,090)	1,303	NM*
Total comprehensive income attributable to:				
Owners of the parent		(3,301)	2,115	NM*
Non-controlling interests		(17)	(45)	(62.22)
		(3,318)	2,070	NM*

*NM – not meaningful

¹ Please refer to section F (Other information required by Appendix 7C to the Catalist Rules) of this announcement.

A.
(ii) Other information

	Note ²	Group		Change %
		6 months ended 30 June 2023	6 months ended 30 June 2022	
		Unaudited S\$'000	Unaudited S\$'000	
Interest income	8(v)	42	12	>100.00
Finance costs	8(vi)	(709)	(531)	33.52
Amortisation of intangible assets	8(viii)	(136)	(2)	>100.00
Amortisation of land use rights		(27)	(29)	(6.90)
Amortisation of right-of-use assets	8(ix)	(1,486)	(919)	61.70
Depreciation of property, plant and equipment	8(x)	(1,833)	(1,332)	37.61
Inventories written off		-	(2)	(100.00)
Foreign exchange gain, net	8(xi)	210	170	23.53
Share option expenses		(38)	(31)	22.58

² Please refer to section F (Other information required by Appendix 7C to the Catalist Rules) of this announcement.

B.
(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Condensed interim statement of financial position

		30 June 2023	Group 31 December 2022	Change	30 June 2023	Company 31 December 2022	Change
	Note ³	S\$'000 Unaudited	S\$'000 Audited	%	S\$'000 Unaudited	S\$'000 Audited	%
ASSETS							
Non-current assets							
Property, plant and equipment	8(xiv)	22,714	23,825	(4.66)	1	2	(50.00)
Intangible assets		1,302	1,447	(10.02)	-	-	NM*
Land use rights	8(xv)	1,137	1,209	(5.96)	-	-	NM*
Right-of-use assets	8(xvi)	13,088	14,704	(10.99)	-	-	NM*
Investment in subsidiaries		-	-	NM*	16,378	16,340	0.23
Investments in associates	8(xvii)	3	-	NM*	-	-	NM*
Goodwill		6,507	6,507	0.00	-	-	NM*
Deferred tax assets		565	563	0.36	-	-	NM*
Amount due from associates		43	-	NM*	-	-	NM*
Due from a subsidiary		-	-	NM*	6,250	6,250	0.00
Total non-current assets		45,359	48,255	(6.00)	22,629	22,592	0.16
Current assets							
Inventories	8(xviii)	25,247	30,055	(15.40)	-	-	NM*
Trade receivables	8(xix)	30,375	11,099	>100.00	-	-	NM*
Other receivables and deposits	8(xx)	4,544	3,544	28.22	5	5	0.00
Prepayments	8(xxii)	410	481	(14.76)	9	12	(25.00)
Due from subsidiaries		-	-	NM*	886	802	10.47
Amount due from associates		-	-	NM*	-	-	NM*
Amount due from a related party		276	276	0.00	-	-	NM*
Short-term investments	8(xxii)	2,112	-	NM*	-	-	NM*
Cash and cash equivalents	8(xxiii)	11,124	15,151	(26.58)	25	88	(71.59)
Total current assets		74,268	60,606	22.54	925	907	1.98
Total assets		119,627	108,861	9.89	23,554	23,499	0.23
EQUITY AND LIABILITIES							
Current liabilities							
Trade payables	8(xviii)	21,100	20,930	(0.81)	-	-	NM*
Other payables and accruals	8(xxiv)	6,552	8,131	(19.42)	231	200	15.50
Due to a subsidiary		-	-	NM*	2,620	2,147	22.03
Current income tax payable	8(xxv)	206	538	(61.71)	-	-	NM*
Lease liabilities	8(xxvi)	2,523	5,720	(55.89)	-	-	NM*
Loan and borrowings	8(xxvii)	27,140	11,940	>100.00	-	-	NM*
Total current liabilities		57,521	47,259	21.71	2,851	2,347	21.47
Net current assets/(liabilities)		16,747	13,347	25.47	(1,926)	(1,440)	33.75
Non-current liabilities							
Lease liabilities	8(xxvi)	6,923	5,486	26.19	-	-	NM*
Other payables and accruals	8(xxiv)	38	45	(15.56)	-	-	NM*
Loan and borrowings	8(xxvii)	4,827	2,448	97.18	-	-	NM*
Retirement benefit obligations		2,042	2,040	0.10	-	-	NM*
Deferred tax liability		295	322	(8.39)	-	-	NM*
Total non-current liabilities		14,125	10,341	36.59	-	-	NM*
Total liabilities		71,646	57,600	24.39	2,851	2,347	21.47

³ Please refer to section F (Other information required by Appendix 7C to the Catalyst Rules) of this announcement.

	30 June 2023	Group 31 December 2022	Change	30 June 2023	Company 31 December 2022	Change
Note ³	S\$'000 Unaudited	S\$'000 Audited	%	S\$'000 Unaudited	S\$'000 Audited	%
Net assets	47,981	51,261	(6.40)	20,703	21,152	(2.12)
Equity attributable to owners of the parent						
Share capital	66,666	66,666	0.00	66,666	66,666	0.00
Accumulated losses	(21,889)	(18,820)	16.31	(49,802)	(49,315)	0.99
Other reserves	4,587	4,781	(4.06)	3,839	3,801	1.00
	49,364	52,627	(6.20)	20,703	21,152	(2.12)
Non-controlling interests	(1,383)	(1,366)	1.24	-	-	NM*
Total equity	47,981	51,261	(6.40)	20,703	21,152	(2.12)
Total equity and liabilities	119,627	118,576	9.89	23,554	23,499	0.23

*NM – not meaningful

B.
(ii) Aggregate amount of group's borrowing and debt securities as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

Amount repayable in one year or less

As at 30 June 2023		As at 31 December 2022	
Secured	Unsecured	Secured	Unsecured
S\$ ' 000	S\$ ' 000	S\$ ' 000	S\$ ' 000
-	27,140	-	11,940

Amount repayable after one year

As at 30 June 2023		As at 31 December 2022	
Secured	Unsecured	Secured	Unsecured
S\$ ' 000	S\$ ' 000	S\$ ' 000	S\$ ' 000
-	4,827	-	2,448

Details of any collateral

The Company has issued corporate guarantees in relation to the bank loans and invoice financing of subsidiaries.

C. A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Condensed interim consolidated statement of cash flows

	Group 6 months ended	
	30 June 2023 Unaudited S\$'000	30 June 2022 Unaudited S\$'000
Operating activities		
(Loss)/Profit before income tax	(2,232)	2,075
Adjustments for:		
Inventories written off	-	2
Amortisation of intangible assets	136	2
Amortisation of land use rights	27	29
Amortisation of right-of-use assets	1,486	919
Depreciation of property, plant and equipment	1,833	1,332
Finance costs	709	531
Interest income	(42)	(12)
Share option expenses	38	31
Unrealised exchange difference	377	-
Operating cash flows before working capital changes	2,332	4,909
Working capital changes		
Inventories	4,628	(346)
Trade receivables	(19,498)	(3,454)
Other receivables and deposits	(1,003)	(2,610)
Prepayments	71	(56)
Trade payables	218	671
Other payables and accruals	(1,065)	(163)
Due from associates	(43)	-
Cash used in operations	(15,393)	(1,049)
Interest received	27	12
Income tax paid	(1,223)	(816)
Net cash used in operating activities	(16,096)	(1,853)
Investing activities		
Purchase of property, plant and equipment	(704)	(1,023)
Acquisition of short-term investments	(3,582)	(4,104)
Proceeds from short-term investments	1,484	2,333
Acquisition of investment in an associate	(3)	-
Acquisition of a subsidiary, net of cash acquired	-	(1,371)
Net cash used in investing activities	(2,805)	(4,165)
Financing activities		
Proceeds from bank loans	51,472	50,451
Repayment of bank loans	(34,031)	(44,345)
Repayments of principal of lease liabilities	(1,760)	(2,543)
Interest paid	(709)	(393)
Net cash generated from financing activities	14,972	3,170
<i>Net decrease in cash and cash equivalents</i>	(3,929)	(2,848)
<i>Effect of foreign exchange rate changes in cash and cash equivalents</i>	(98)	49
<i>Cash and cash equivalents at beginning of period</i>	15,151	15,737
Cash and cash equivalents at end of the period	11,124	12,938

D.

- (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Condensed interim statement of changes in equity

	Share capital	Capital reserve	Statutory reserve fund	Foreign currency translation reserves	Share options reserves	Accumulated losses	Equity Non-controlling interests	Total attributable to owners of the parent	Non-controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group										
Balance as at 1 January 2023	66,666	-	1,473	(615)	3,801	(18,820)	122	52,627	(1,366)	51,261
Net loss for the financial period	-	-	-	-	-	(3,069)	-	(3,069)	(21)	(3,090)
Other comprehensive income for the financial period										
Exchange differences arising from translation of foreign operations	-	-	-	(232)	-	-	-	(232)	4	(228)
Total comprehensive income for the financial period	-	-	-	(232)	-	(3,069)	-	(3,301)	(17)	(3,318)
Total transactions with owners, recognised directly in equity										
Share option expenses	-	-	-	-	38	-	-	38	-	38

	Share capital	Capital reserve	Statutory reserve fund	Foreign currency translation reserves	Share options reserves	Accumulated losses	Equity Non-controlling interests	Total attributable to owners of the parent	Non-controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 30 June 2023	66,666	-	1,473	(847)	3,839	(21,889)	122	49,364	(1,383)	47,981
The Group										
Balance as at 1 January 2022	63,416	-	1,473	962	3,724	(3,360)	132	66,347	(1,222)	65,125
Net profit/(loss) for the financial period	-	-	-	-	-	1,341	-	1,341	(38)	1,303
Other comprehensive income for the financial period										
Exchange differences arising from translation of foreign operations	-	-	-	774	-	-	-	774	(7)	767
Total comprehensive income for the financial period	-	-	-	774	-	1,341	-	2,115	(45)	2,070
Total transactions with owners, recognised directly in equity										
Issue of ordinary shares	3,527	-	-	-	-	-	-	3,527	-	3,527
Share option expenses	-	-	-	-	31	-	-	31	-	31
	3,527	-	-	-	-	-	-	3,558	-	3,558
Balance as at 30 June 2022	66,943	-	1,473	1,736	3,755	(2,019)	132	72,020	(1,267)	70,753

D.
(i) Condensed interim statement of changes in equity (cont'd)

	Share capital S\$'000	Share options reserves S\$'000	Accumulated losses S\$'000	Total S\$'000
<u>The Company</u>				
Balance as at 1 January 2023	66,666	3,801	(49,315)	21,152
Loss for the financial period	-	-	(487)	(487)
Total comprehensive income for the financial period	-	-	(487)	(487)
Share option expenses	-	38	-	38
Balance as at 30 June 2023	66,666	3,839	(49,802)	20,703
Balance at 1 January 2022	63,416	3,724	(35,677)	31,463
Loss for the financial period	-	-	(518)	(518)
Total comprehensive income for the financial period	-	-	(518)	(518)
Issue of ordinary shares	3,527	-	-	3,527
Share option expenses	-	31	-	31
Balance as at 30 June 2022	66,943	3,755	(36,195)	34,503

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

GSS Energy Limited (the “**Company**” or “**GSS**”) is a public company limited by shares incorporated and domiciled in Singapore. The Company has been listed on the Catalist board of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) since 12 February 2015. The Company’s registration number is 201432529C. Its registered office is at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 and its principal place of business is at Blk 4012 Ang Mo Kio Ave 10, #05-01 Techplace 1, Singapore 569628.

The principal activities of the Group are:

- (a) manufacture and sale of microshafts and other precision parts;
- (b) assembly of mechanisms used in computers and a range of electronic products;
- (c) sale and distribution of consumer electronics and other products
- (d) manufacture and distribution of motor bike;
- (e) investment in electronic vehicles (“EV”) sector, market and promote EV total solution including providing advisory or solution on manufacture and assemble electric bikes, swapping and charging stations and software development; and
- (f) investing in oil and gas exploration through associated company.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1- 34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

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

2.1 New and amended standards adopted by the Group

On 1 January 2023, the Group adopted new and amended SFRS(I) and interpretations to SFRS(I) (“INT SFRS(I)”) that are mandatory for application for the financial period. The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in material changes to the Group’s accounting policies and had no a material effect on the amounts reported for the current financial period.

2.2 Use of estimates and judgements

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

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

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

3. Seasonal operations

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

4. Segment and revenue information

The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer and the Group's Chief Financial Officer review internal management reports at least on a half yearly basis.

The Group has three (3) reportable segments, being Mechanisms, Microshafts and Electric Vehicle.

4.1 Reportable segments

Segments	Mechanisms S\$'000	Microshafts S\$'000	Electric Vehicle S\$'000	Unallocated segment S\$'000	Eliminations S\$'000	Group S\$'000
1H2023 Revenue						
External customers	48,878	9,997	107	-	-	58,982
Intersegment revenues	10,566	1,069	-	90	(11,725)	-
Total revenue	<u>59,444</u>	<u>11,182</u>	<u>107</u>	<u>90</u>	<u>(11,725)</u>	<u>58,982</u>
Results						
Operating profit/(loss)	482	1	(1,013)	(1,035)	-	(1,565)
Interest income						42
Finance costs						(709)
Income tax expenses						(858)
Non-controlling interests						21
Net loss to owners of the parent						<u>(3,069)</u>
As at 30 June 2023 Segment assets and liabilities						
Segment assets	85,018	20,363	14,206	40	-	119,627
Segment liabilities	<u>64,023</u>	<u>5,340</u>	<u>2,052</u>	<u>231</u>	<u>-</u>	<u>71,646</u>
1H2023 Other segment information						
Capital expenditure	360	293	127	-	-	780
Depreciation and amortisation	<u>2,612</u>	<u>666</u>	<u>204</u>	<u>-</u>	<u>-</u>	<u>3,482</u>
1H2022 Revenue						
External customers	55,450	11,560	-	-	-	67,010
Intersegment revenues	18,072	887	-	-	(18,959)	-
Total revenue	<u>73,522</u>	<u>12,447</u>	<u>-</u>	<u>-</u>	<u>(18,959)</u>	<u>67,010</u>
Results						
Operating profit/(loss)	3,145	621	(647)	(525)	-	2,594
Interest income						12
Finance costs						(531)
Income tax expenses						(772)

Segments	Mechanisms	Microshafts	Electric Vehicle	Unallocated segment	Eliminations	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Non-controlling interests						38
Net profit to owners of the parent						<u>1,341</u>
As at 30 June 2022						
Segment assets and liabilities						
Segment assets	83,562	26,218	11,835	22,871	-	144,486
Segment liabilities	48,323	7,008	15,612	2,790	-	73,733
1H2022 Other segment information						
Capital expenditure	(5,101)	(195)	(280)	-	-	(5,576)
Depreciation and amortisation	(1,536)	(686)	(60)	-	-	(2,282)
Inventories written off	(2)	-	-	-	-	(2)

Geographical Segments

	Non-current assets ⁽¹⁾		Group expenditure	
	30 June 2023 S\$'000	31 December 2022 S\$'000	30 June 2023 S\$'000	31 December 2022 S\$'000
Singapore	11,775	12,465	44	5,235
Indonesia	19,711	20,956	332	2,315
China	5,413	5,941	293	465
Thailand	1,277	1,316	111	1,427
Other countries	111	507	-	-
	<u>38,287</u>	<u>41,185</u>	<u>780</u>	<u>9,442</u>

⁽¹⁾ Non-current assets exclude Goodwill.

4.2 Disaggregation of revenue

Segments	Mechanisms		Microshafts		Electric Vehicle		Total	
	1H2023 S\$'000	1H2022 S\$'000	1H2023 S\$'000	1H2022 S\$'000	1H2023 S\$'000	1H2022 S\$'000	1H2023 S\$'000	1H2022 S\$'000
<u>Primary geographical markets</u>								
Singapore	6,127	6,183	1,486	1,142	-	-	7,613	7,325
Indonesia	39,969	47,679	310	542	-	-	40,279	48,221
Germany	56	37	840	875	-	-	896	912
China	293	491	2,602	2,709	17	-	2,912	3,200
Thailand	-	-	184	253	90	-	274	253
Malaysia	42	27	459	639	-	-	501	666
Others	2,440	1,033	4,067	5,400	-	-	6,507	6,433
	<u>48,927</u>	<u>55,450</u>	<u>9,948</u>	<u>11,560</u>	<u>107</u>	<u>-</u>	<u>58,982</u>	<u>67,010</u>
<u>Type of goods or services</u>								
Sale of goods	42,011	50,503	9,948	11,560	107	-	52,066	62,063
Services rendered	6,916	4,947	-	-	-	-	6,916	4,947
	<u>48,927</u>	<u>55,450</u>	<u>9,948</u>	<u>11,560</u>	<u>107</u>	<u>-</u>	<u>58,982</u>	<u>67,010</u>

Segments	Mechanisms		Microshafts		Electric Vehicle		Total	
	1H2023	1H2022	1H2023	1H2022	1H2023	1H2022	1H2023	1H2022
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Timing of transfer of goods and services</u>								
Point in time	48,927	55,450	9,948	11,560	107	-	58,982	67,010

	30 June 2023 S\$'000	Group 30 June 2023 S\$'000	Change %
A breakdown of sales			
Sales reported for first half year		58,982	67,010
Operating (loss)/profit after tax before deducting non-controlling interests reported for first half year		(3,090)	1,303
			(11.98) NM*

*NM – not meaningful

5. Financial assets and financial liabilities

An overview of the financial assets and financial liabilities of the Group as at 30 June 2023 and 31 December 2022 is set out below:

	Group		Company	
	30 June 2023 S\$'000	31 December 2022 S\$'000	30 June 2023 S\$'000	31 December 2022 S\$'000
Financial assets				
Financial assets measured at amortised cost	46,878	27,175	7,166	7,145
Financial liabilities				
Financial liabilities measured at amortised cost	60,255	53,837	2,851	2,347

The Group and the Company classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
Group				
30 June 2023				
Short-term investments	-	2,112	-	2,112
31 December 2022				
Short-term investments	-	-	-	-

6. Income tax expense

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

	Group	
	30 June 2023 S\$'000	30 June 2022 S\$'000
Taxation charge for the financial period comprises:		
- Current financial period	885	800
- Deferred income tax (recognised)/expense relating to origination	(27)	(28)
	858	772

7. Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired assets amounting to S\$704,000 (1H2022: S\$1,023,000) and the value of assets disposed/written off was nil.

8. Share capital

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

	Group and Company			
	30 June 2023 Number of ordinary shares '000	31 December 2022 '000	30 June 2023 S\$'000	31 December 2022 S\$'000
Issued and paid-up:				
At the beginning of interim period	630,192	580,192	66,666	63,416
-Issue of ordinary shares	-	50,000	-	3,250
At the end of interim period	630,192	630,192	66,666	66,666

There were no treasury shares or subsidiary holdings as at 30 June 2023 and 30 June 2022.

F. Other information required by Appendix 7C to the Catalist Rules

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

In 1H2023, no warrants were issued (1H2022: 40,500,000) and no warrants were exercised (1H2022: Nil). As at 30 June 2023, the number of shares that may be issued on exercise of all the outstanding warrants was 40,500,000 (30 June 2021: 40,500,000) which represented approximately 6.43% (30 June 2022: 6.43%) of the total issued shares of the Company (excluding treasury shares and subsidiary holdings).

The GSS Energy Limited Executives' Share Option Scheme (the "**GEL Scheme**") and GSS Energy Limited 2018 Executives' Share Option Scheme (the "**GEL 2018 Scheme**") were approved by the shareholders at the annual general meeting on 22 April 2016 and 23 April 2018, respectively. During 1H2023, no share options (1H2022: 6,000,000) were granted or exercised under the GEL Scheme and GEL 2018 Scheme. As at 30 June 2023, the number of shares that may be issued on conversion of all the outstanding share options was 5,000,000 (30 June 2022: 20,123,000) which represented approximately 0.79% (30 June 2022: 3.19%) of the total issued shares of the Company (excluding treasury shares and subsidiary holdings).

Number of outstanding convertibles								
Date of grant	Exercise price	Balance as at 1 January 2023	Granted during the current financial period	Exercised during the current financial period	Cancelled / lapsed during the current financial period	Balance as at 30 June 2023	Balance as at 30 June 2022	Exercise period
Warrants								
30 March 2022 ⁽¹⁾	S\$0.07054	40,500,000	-	-	-	40,500,000	40,500,000	(a) In respect of 13,500,000 warrants, they can be exercised commencing on the first (1st) anniversary, 30 March 2023 to 29 March 2027; (b) In respect of 13,500,000 warrants, they can be exercised commencing on the second (2nd) anniversary, 30 March 2024 to 29 March 2027; and (c) In respect of 13,500,000 warrants, they can be exercised commencing on the third (3rd)

Number of outstanding convertibles								
Date of grant	Exercise price	Balance as at 1 January 2023	Granted during the current financial period	Exercised during the current financial period	Cancelled / lapsed during the current financial period	Balance as at 30 June 2023	Balance as at 30 June 2022	Exercise period
								anniversary, 30 March 2025 to 29 March 2027.
Share options								
23 February 2018	S\$0.12512	15,123,000	-	-	(15,123,000)	-	15,123,000	23 February 2022 to 22 February 2023
9 March 2022 ⁽²⁾	S\$0.05664	5,000,000	-	-	-	5,000,000	5,000,000	10 March 2024 to 9 March 2027

Notes:

- (1) Announcement in relation of the issue of warrants upon completion of the acquisition of Edison Motors, dated 30 March 2022 can be found at URL: https://links.sgx.com/FileOpen/SGX-GSSEL-ANNOUNCEMENT_COMPLETION.ashx?App=Announcement&FileID=709092.
- (2) Announcement in relation of the grant of share options, dated 10 March 2022 can be found at URL: https://links.sgx.com/FileOpen/SGX-GSSEL_Share_Options_Grant_20220310.ashx?App=Announcement&FileID=706794. The Company had on 10 March 2022, announced the grant of 6,000,000 employee share options to eligible persons under the GEL Scheme. Eventually, there were only 5,000,000 employee share options which were granted.

Save as disclosed above, there were no other convertibles as at 30 June 2023 and 30 June 2022. As at 30 June 2023, the number of shares that may be issued on conversion of all of the outstanding convertibles was 45,500,000 (30 June 2022: 60,623,000), which represented approximately 7.23% (30 June 2022: 9.62%) of the total issued shares excluding treasury shares and subsidiary holdings.

There were no treasury shares or subsidiary holdings as at 30 June 2023 and 30 June 2022.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Company	
	30 June 2023	31 December 2022
Total number of issued shares excluding treasury shares	630,191,957	630,191,957

1(d)(iv) A statement showing all sales, transfers, cancellation and/ or use of treasury shares as at the end of the current financial period reported on.

There was no sale, transfer, cancellation and/or use of treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There was no sale, transfer, cancellation and/or use of subsidiary holdings during and as at the end of the current financial period reported on.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the external auditors of the Company.

3 Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of matter).

Not applicable as the figures have not been audited or reviewed by the external auditors of the Company.

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

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

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Refer to Note 2 (Basis of Preparation) of the condensed interim consolidated financial statements.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Refer to Note 2 (Basis of Preparation) of the condensed interim consolidated financial statements.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

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

	1H2023 Singapore cents	Group	1H2022 Singapore cents
Earnings per ordinary share for the period			
(a) Based on the weighted average number of ordinary shares on issue during the period	(0.49)		0.22
Weighted average number of ordinary shares	630,191,957		606,025,290
(b) on a fully diluted basis	(0.49)		0.36
Adjusted weighted average number of ordinary shares	630,191,957		611,025,290

45,500,000 warrants and share options were not included in the computation of diluted earnings per ordinary share for 1H2023 (1H2022: 60,623,000) as the average market prices during the period were below the exercise prices, thus rendering the potential ordinary shares anti-dilutive.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and
(b) immediately preceding financial year.**

	Group		Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	Singapore cents	Singapore cents	Singapore cents	Singapore cents
Net assets value per ordinary share	7.61	8.13	3.29	3.36
Net tangible assets value per ordinary share	4.12	4.35	3.29	3.36

The net assets value per share for the period ended 30 June 2023 is calculated based on the share capital of the Company (excluding treasury shares) in issue at the end of the period of 630,191,957 ordinary shares (31 December 2022: 630,191,957 ordinary shares).

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

General

- (i) The Group is engaged largely in the precision engineering business ("PE") and electronic vehicles business ("EV") and retains remaining non-operational interest in oil and gas services business ("O&G").

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

- (ii) The Group recorded a turnover of S\$58.98 million during 1H2023, a decrease of 11.98% from S\$67.01 million in 1H2022. This is mainly attributable to the trend of increased consumer spending on in-person services, food and utilities which is happening at the expense of spending on household goods and consumer electronics (being the items that consumers splurged on during the lockdown period in the years of 2020 and 2021). Another factor is due to the continued fallout from the Ukraine-Russia war which has resulted in inflationary pressure pushing energy prices and the continued increase in interest rates, which contributes to the reduction in consumers' buying sentiments. These factors collectively resulted in softer demand in the goods produced by the Group under its PE business, and accordingly the Group recorded the lower turnover.
- (iii) The Group achieved a lower gross margin of 10.24% for 1H2023 as compared to 14.69% for 1H2022. This is due to the lower turnover recorded as explained in sub-paragraph 8(ii) above, which was not accompanied by a similar percentage of decrease in the cost of sales incurred by the Group. Although cost of sales decreased by 7.40% from 1H2022 due to the reduction in goods sold by the Group, costs of sales for the Group remained high due to the higher factory operating costs in 1H2023 such as amortisation for right-of-use assets for new production lines added in 2Q2022 and 3Q2022, manpower, electricity & water, and rental rates continuing to rise in the locations where the factories of the Group are operating. Pursuant to the above-mentioned factors, gross profit decreased by 38.63% from 1H2022 to 1H2023.
- (iv) The Group's other income was S\$0.46 million for 1H2023 as compared to S\$0.68 million in 1H2022. This decrease is due to lesser grant assistance provided by Singapore authorities and recorded as other income by the Group in 1H2023.
- (v) Interest income for 1H2023 was S\$0.04 million, compared to S\$0.01 million in 1H2022. The increase in interest income was in line with higher amount placed by the Group with financial institutions as short-term financial assets.

- (vi) Finance costs for 1H2023 was S\$0.71 million, compared to S\$0.53 million in 1H2022. The increase was due to the higher drawdown of loan facilities to finance working capital requirements. The borrowing cost compared to the corresponding period in 1H2022 has gone up following the interest rate adjustments across various financial institutions.
- (vii) Income tax expenses for 1H2023 was S\$0.86 million, compared to S\$0.77 million in 1H2022. The increase in taxation charge for 1H2023 was due to the profit before taxation recorded at profit-making business units and additional tax assessed for prior periods. The Group's income tax expense is provided based on the statutory tax rates of the respective countries that the Group operates in.
- (viii) The higher amortisation of intangible assets for 1H2023 of S\$0.14 million as compared to 1H2022 is due to the commencement of amortisation of intellectual properties arising from acquisition of Edison Motors Co., Ltd.
- (ix) The higher amortisation of right-of-use assets for 1H2023 of S\$1.49 million as compared to 1H2022 of S\$0.92 million was mainly attributable to amortisation of additional new machines in Batam factories which were purchased to expand capacity and enhance machining capabilities.
- (x) The higher depreciation of property, plant and equipment for 1H2023 of S\$1.83 million as compared to 1H2022 of S\$1.33 million was mainly due to the commencement of depreciation of our Batam leasehold factory which was incurred in 1H2023.
- (xi) The Group recorded a net foreign exchange gain of S\$0.21 million for 1H2023, compared to net foreign exchange gain of S\$0.17 million for 1H2022. This minor gain is attributable to the foreign exchange movements of United States Dollars against other currencies. Customer receipts of the Group are mainly in United States Dollars.
- (xii) Share option expenses for 1H2023 was S\$0.04 million as compared to S\$0.03 million in 1H2022 was mainly attributable to share options were granted in March 2022 and share option expense was amortised from March 2022.
- (xiii) The Group recorded an operating loss of S\$1.57 million before unallocated income and expense as per 4.1 reported segments in the page 12 for 1H2023 (1H2022: operating profit of S\$2.59 million). PE achieved an operating profit of S\$0.48 million (1H2022: S\$3.77 million) while EV included a loss of S\$1.01 million (1H2022: S\$0.65 million). The operating loss under unallocated segment was attributed to group marketing expenses incurred for developing PE and EV business, and corporate expense for the Company. The Group recorded a net loss of S\$2.23 million before taxation, mainly contributed by the EV segment for business development and research costs, higher financing costs with elevated interest rate, and softer demand amid a weak economy and geopolitical tensions.

Condensed interim statement of financial position

- (xiv) Property, plant and equipment as at 30 June 2023 was S\$22.71 million. The decrease of S\$1.11 million from 31 December 2022 was after accounting for acquisition of machineries and equipment to upgrade machining capabilities and replace aged machines used in production, and addition of tooling-in-progress for EV business. This was offset by depreciation of S\$1.83 million for 1H2023.
- (xv) Land use rights as at 30 June 2023 was S\$1.14 million. The marginal decrease of S\$0.07 million from 31 December 2022 was due to amortisation of land use rights.
- (xvi) Right-of-use assets as at 30 June 2022 amounted to S\$13.09 million, a decrease of S\$1.61 million from 31 December 2022. The decrease was due to amortisation of right-of-use assets for 1H2023.
- (xvii) Investment in associates as at 30 June 2022 was S\$0.003 million. This nominal amount was invested in one of our EV distribution partners in Malaysia in 1H2023, which the Group believes will give the Group an opportunity to participate in EV distribution. Please see paragraph 15 of this section for more details.
- (xviii) Inventories as at 31 December 2023 was S\$25.43 million, a decrease of S\$4.63 million from 31 December 2022. The decrease was due to the utilisation of inventories which were previously built up due to instructions from customers and cutting down of inventory holdings in response to the slowing down of orders in the financial period ended 30 June 2023. This in turn allowed the Group to manage its trade

payables with marginal increase from S\$20.93 million as at 31 December 2022 to S\$21.10 million as at 30 June 2023.

- (xix) Trade receivables as at 30 June 2023 was S\$30.38 million as compared to S\$11.10 million as at 31 December 2022. The increase is mainly due to a subsidiary of the Group exiting from an early payment program⁴ for its receivables from one of its major customers.
- (xx) Other receivables and deposits as at 30 June 2023 amounted to S\$4.54 million, an increase of S\$1.00 million from 31 December 2022. This was mainly attributable to upfront payment paid to suppliers and supplies waiting to be received.
- (xxi) Prepayments as at 30 June 2023 was S\$0.41 million, a decrease of S\$0.07 million from 31 December 2022 after netting off prepayments with the tax provision for a subsidiary of the Group in 1H2023. Prepaid expenses such as insurance premium, office rentals, professional services and licensing, were incurred for the purpose of business operations.
- (xxii) As at 30 June 2023, the Group's China subsidiary had a net placement of S\$2.11 million for short-term investments. The purpose of short-term investments is to yield a better interest return than a traditional fixed deposit for its cash surplus. These products are readily deployable in the event that there is a financial need for business operation.
- (xxiii) The cash balance is S\$11.12 million as at 30 June 2023, a decrease of S\$4.03 million from 31 Dec 2022, it was mainly due to higher net cash used in operating activities because of the changes in working capital requirement such as trade receivable increased by S\$19.50 million, and the acquisition of short-term investment of S\$2.11 million as explained in above (xxi).
- (xxiv) The other payables and accruals (both current and non-current) as at 30 June 2023 were S\$6.59 million. The decrease of S\$1.59 million from 31 December 2022 was mainly attributable to the settlement of the final tranche of the consideration for a subsidiary, Edison Motors Co., Ltd (which was acquired on 30 March 2022) during 1H2023.
- (xxv) Income tax payable as at 30 June 2023 was S\$0.21 million. This was a decrease of S\$0.33 million from 31 December 2022 due to income tax payment which was settled and a lower profit recorded at profit-making business units during 1H2023.
- (xxvi) Lease liabilities (both current and non-current) as at 30 June 2023 was S\$9.45 million. This was a decrease of S\$1.76 million from 31 December 2022 mainly due to repayment of lease liabilities.
- (xxvii) Loan and borrowings (both current and non-current) as at 30 June 2023 were S\$31.97 million, an increase of S\$17.58 million from 31 December 2022. The increase was mainly due to (a) a subsidiary of the Group exiting from an early payment program of a major customer of the Group as described in sub-paragraph 8(xix), and obtain financing from banks in lieu of the participation in such early payment program; and (b) increased loans and borrowings to meet working capital requirement for PE and to drive EV development.
- (xxviii) The net assets of the Group as at 30 June 2023 was S\$47.98 million compared to S\$51.26 million as at 31 December 2022. Net assets per share as at 30 June 2023 was S\$0.0761 compared to S\$0.0813 as at 31 December 2022.

Condensed interim consolidated statement of cash flows

- (xxix) The Group incurred a net operating cash outflow of S\$16.10 million for 1H2023 mainly due to the exit from a subsidiary of the Group from an early payment program of a major customer of the Group. Please refer to sub-paragraphs 8(xviii) and 8(xxvi) for more details.
- (xxx) Net cash used in investing activities during the period was S\$2.81 million. This includes S\$0.70 million for acquiring machines and equipment, net placement of S\$2.10 million for additional short-term investments.

⁴ The early payment program of the major customer of the Group allows for early receipt of payments (at a discounted rate) from such major customer as compared to the Group's usual payment terms. The Group exited from such program in 2Q2023 due to changes in the terms offered under the program.

- (xxxii) Net cash generated from financing activities amounted to S\$14.97 million for 1H2023. These included proceeds of S\$51.47 million from loan and borrowings (refer to sub-paragraphs 8(xix) and 8(xxvii) for more details), and was offset by S\$1.76 million for repayment of obligations under lease liabilities arising from right-of-use assets, S\$34.03 million for repayment of loan and borrowings and S\$0.71 million for interest paid.
- (xxxii) Net cash and cash equivalents as at 30 June 2022 stood at S\$11.12 million, a decrease of S\$ 4.03 million from 31 December 2022 of S\$15.15 million.

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

No forecast or prospect statement has been previously disclosed to shareholders.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group is expecting the global markets for the next 12 to 18 months to be challenging, amidst the global economic situation of low growth and cost inflation. The global economic outlook could weigh on consumer confidence going forward. Despite these headwinds, barring any unexpected adverse economic circumstances, the PE business continues to develop various engineering products both on the design manufacturing and original specific manufacturing. This is to prepare ourselves to ride on the wave when the economy picks up. The Group continues to receive strong order support from existing customers, both for the Mechanisms and the Microshaft segments. The Group is also in discussion with new potential customers in these two segments.

On the specific electric vehicle business, the Group anticipates to be able to commence its production of electric motorcycles for sale by the fourth quarter of 2023, while the Group continues its product development and enhancement. For further details on the plans in relation to its electric motorcycles, the Company refers to the announcement dated 26 July 2023⁵ where it had provided various responses to Securities Investors Association (Singapore).

In the O&G business, as previously announced, the Group's associate, PT Sarana GSS Trembul ("PT SGT"), received a letter from PT Pertamina terminating the Co-operative Agreement for the Trembul Operating Area, with effect from 26 September 2022. As at the date of this announcement, PT SGT is still in the midst of appealing against this termination and to extend the deadline for the fulfilment of the work programme of the Trembul Operating Area, and a reply from PT Pertamina remains pending.

11 If a decision regarding dividend has been made:

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

None.

(b) (i) Amount per share

None.

(ii) Previous corresponding period

None.

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

⁵ <https://links.sgx.com/FileOpen/SGX-GSSEL-Responses%20To%20Questions%20From%20SIAS.ashx?App=Announcement&FileID=766551>.

Not applicable.

(d) The date the dividend is payable.

Not applicable.

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

Not applicable.

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

The Board has reviewed the Group's resources for ongoing operations and plans for expansion, and is of the opinion that conservation of financial resources would enable the Group to deploy them to support growth and enhance shareholder value. Accordingly, a dividend has not been recommended.

13 If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No general mandate for IPTs has been obtained from shareholders. There are no IPTs of S\$100,000 or more during the period under review.

14 Negative confirmation pursuant to Rule 705(5).

The directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render the unaudited interim financial results of the half year ended 30 June 2023 to be false or misleading in any material aspect.

15 Additional information pursuant to Rule 706A.

None.

However, the Company would like to update that, in April 2023, its wholly-owned subsidiary Giken Motors Asia Pacific Pte. Ltd. had invested S\$3,000 to acquire a 19% non-controlling interest in the company Synergic Modern Sdn. Bhd (a private limited company incorporated under the laws of Malaysia), which will be a future EV distribution partner of the Group in Malaysia.

16 Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1).

The Company confirms that undertakings under Rule 720(1) have been obtained from its directors and executive officers in the format set out in Appendix 7H.

17 Please disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use. Where the proceeds have been used for working capital purpose, a breakdown with specific details on how the proceeds have been applied must be disclosed.

There are no remaining proceeds raised from the IPO and offerings of the Company.

- 18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format set out in Appendix 7C, Paragraph 20. If there are no such persons, the issuer must make an appropriate negative statement.**

The Company confirms that there is no person occupying any managerial positions in the Company or any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Anthony Kuek
Chairman

14 August 2023

*This document has been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. ("the **Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

*The contact person for the Sponsor is Mr Bernard Lui
Telephone number: (65) 6389 3000
Email address: bernard.lui@morganlewis.com*