ASIAPHOS LIMITED

Company Registration Number: 201200335G

UNAUDITED CONDENSED FINANCIAL STATEMENTS ANNOUNCEMENT FOR SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2022

This quarterly results announcement is mandatory, made pursuant to SGX-ST's requirement, as required under Rule 705(2C) of the Catalist Rules.

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

	Group					
	Second Quarter Ended 30 June			Half Year Ended 30 June		
	2022	2021	Change	2022	2021	Change
	$'000	$'000	%	$'000	$'000	%
Continuing operations						
Revenue	547	166	230	1,279	595	115
Cost of sales	(468)	(135)	247	(1,110)	(512)	117
Gross profit	79	31	155	169	83	104
Other income	2	8	(75)	9	10	(10)
Selling and distribution costs	(20)	(9)	122	(55)	(23)	139
General and adminstrative costs	(213)	(872)	(76)	(1,015)	(1,509)	(33)
Finance costs	(75)	(112)	(33)	(143)	(209)	(32)
Other expenses	(8)	-	N.M.	(8)	-	N.M.
Loss before tax, from continuing operations	(235)	(954)	(75)	(1,043)	(1,648)	(37)
Taxation	-	(2)	(100)	-	(2)	(100)
Loss from continuing operations, net of tax	(235)	(956)	(75)	(1,043)	(1,650)	(37)
Discontinued operation						
Profit from discontinued operation, net of tax	34	18	89	67	35	91
Loss for the period	(201)	(938)	(79)	(976)	(1,615)	(40)
Other comprehensive income						
Items that may not be recycled to profit or loss	-	-		-	-	
Foreign currency translation gain/(loss)	(585)	793	N.M.	(433)	549	N.M.
Total comprehensive loss for the period	(786)	(145)	442	(1,409)	(1,066)	32
Net profit/(loss) for the period attributable to:						
Owners of the Company						
- Continuing operations, net of tax	(228)	(939)	(76)	(1,028)	(1,633)	(37)
- Discontinued operation, net of tax	34	18	89	67	35	91
	(194)	(921)	(79)	(961)	(1,598)	(40)
Non-controlling interest						
- Continuing operations, net of tax	(7)	(17)	(59)	(15)	(17)	(12)
- Discontinued operation, net of tax	-	-	-	-	-	-
	(7)	(17)	(59)	(15)	(17)	(12)
Loss for the period	(201)	(938)	(79)	(976)	(1,615)	(40)
Total comprehensive profit/(loss) for the period attributable to:						
Owners of the Company						
- Continuing operations, net of tax	(823)	(146)	464	(1,471)	(1,084)	36
- Discontinued operation, net of tax	34	18	89	67	35	91
	(789)	(128)	516	(1,404)	(1,049)	34
Non-controlling interest						
- Continuing operations, net of tax	3	(17)	N.M.	(5)	(17)	(71)
- Discontinued operation, net of tax	-	-	-	-	-	-
	3	(17)	N.M.	(5)	(17)	(71)
Total comprehensive loss for the period	(786)	(145)	442	(1,409)	(1,066)	32

A. Condensed interim consolidated statements of profit or loss and other comprehensive income (Cont'd)

	Group			
	Second Quarter Ended 30 June		Half Year Ended 30 June	
Loss per share	**2022**	**2021**	**2022**	**2021**
Loss per share for loss for the period attributable to the owner of the Company for the period:				
Basic earning/(loss) per share (cents)				
- from continuing operations	(0.02)	(0.09)	(0.10)	(0.16)
- from discontinued operation	0.00	0.00	0.01	0.00
	(0.02)	(0.09)	(0.09)	(0.16)
Diluted earning/(loss) per share (cents)				
- from continuing operations	(0.02)	(0.09)	(0.10)	(0.16)
- from discontinued operation	0.00	0.00	0.01	0.00
	(0.02)	(0.09)	(0.09)	(0.16)

Foreign currency translation gain/(loss) reported in other comprehensive income statements represents exchange differences arising from the translation of quasi equity loans to PRC subsidiaries and the equity PRC subsidiaries whose functional currency (Renminbi, "**RMB**") is different from that of the Group's presentation currency (Singapore Dollar, "**SGD**", "**$**"). The Group's net investment (including quasi equity loans) in PRC is not hedged as currency positions in RMB are considered to be long-term & capital in nature. Such translation gains/(losses) are of unrealised nature and do not impact current year profit/(loss) unless the underlying assets or liabilities of the PRC subsidiaries are disposed of.

In the second quarter ended 30 June 2022 ("**2Q2022**"), the Group recorded translation loss of approximately $0.59 million due to the weakening of RMB against the SGD.

A. Condensed interim consolidated statements of profit or loss and other comprehensive income (Cont'd)

The Group's net profit/(loss) for the period was arrived at after (charging)/crediting the following:

		Group					
		Second Quarter Ended 30 June			Half Year Ended 30 June		
		2022	2021	Change	2022	2021	Change
		$'000	$'000	%	$'000	$'000	%
Interest income		1	1	-	2	1	100
Government grants		1	5	(80)	7	7	0
Interest expenses							
- continuing operations #		(72)	(81)	(11)	(139)	(156)	(11)
- discontinued operation		(35)	(35)	-	(70)	(68)	3
Interest on loan from a substantial shareholder		-	(6)	(100)	-	(6)	(100)
Interest on loan from director		-	(24)	(100)	-	(44)	(100)
Amortisation and depreciation							
- continuing operations #		(73)	(116)	(37)	(147)	(225)	(35)
Foreign exchange gain/(loss) *		525	(127)	N.M.	508	(174)	N.M.

"N.M." denotes not meaningful.
"*" Included in general and administrative costs.
"#" Included in selling and distribution costs and general and administrative costs.

B. Condensed interim statements of financial position

	Group		Company	
	As at		As at	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	$'000	$'000	$'000	$'000
Non-current assets				
Right-of-use asset	1,402	1,481	-	-
Property, plant and equipment	9,773	10,353	-	-
Other receivables	8	8	-	-
Investment in subsidiary	-	-	9,400	9,400
	11,183	11,842	9,400	9,400
Current assets				
Stocks	106	153	-	-
Trade receivables	115	1	79	-
Other receivables and prepayments	611	498	310	170
Amounts due from subsidiary	-	-	933	517
Cash and bank balances	1,292	2,876	168	413
	2,124	3,528	1,490	1,100
Assets of disposal group	-	-	-	-
Non-current assets classified as held for sale	6,298	6,476	-	-
	8,422	10,004	1,490	1,100
Total assets	19,605	21,846	10,890	10,500
Current liabilities				
Trade payables	112	57	-	-
Other payables	7,446	7,998	518	798
Contract liabilities	335	201	-	-
Interest-bearing bank loans	3,901	4,069	-	-
Loan due to a director	1,792	1,792	1,751	1,751
Loan due to a controlling shareholder	456	456	456	456
Lease liability	25	25	-	-
Amounts due to subsidiary	-	-	4,200	3,005
	14,067	14,598	6,925	6,010
Liabilities of disposal group	817	852	-	-
Liabilities of non-current assets classified as held for sale	2,080	2,214	-	-
	16,964	17,664	6,925	6,010
Net current liabilities	(8,542)	(7,660)	(5,435)	(4,910)
Non-current liabilities				
Deferred tax liabilities	1,072	1,104	-	-
Deferred income	1,999	2,085	-	-
Provision for reinstatement cost	27	27	-	-
Lease liability	94	108	-	-
	3,192	3,324	-	-
Total liabilities	20,156	20,988	6,925	6,010
Net assets	(551)	858	3,965	4,490
Equity attributable to owners of the Company				
Share capital	78,283	78,283	78,283	78,283
Reserves	(76,292)	(74,888)	(74,318)	(73,793)
	1,991	3,395	3,965	4,490
Non-controlling interest	(2,542)	(2,537)	-	-
Total equity	(551)	858	3,965	4,490

B. Condensed interim statements of financial position (Cont’d)

In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

	Group			
	30 June 2022		31 December 2021	
	Secured	Unsecured	Secured	Unsecured
	$'000	$'000	$'000	$'000
Amount repayable				
In one year or less, or on demand*	5,954	-	6,211	-
After one year	-	-	-	-
	5,954	-	6,211	-

“*” Included liabilities of non-current assets classified as held for sale.

Details of collaterals

As at 30 June 2022, the Group’s right-of-use assets (including those assets held for sale) with net book value of RMB19.45 million (approximately $4.0 million) [31 December 2021: RMB19.45 million (approximately $4.12 million)], and certain property, plant and equipment of RMB47.40 million (approximately $9.73 million) [31 December 2021: RMB47.40 million (approximately $10.15 million)]are pledged as collaterals for the interest bearing bank loans granted to the Group.

As at 30 June 2022, an amount of RMB1.3 million (approximately $0.27 million) (31 December 2021: RMB1.6 million (approximately $0.35 million) included in the cash and bank balances can only be used for payment of interest on a bank loan in accordance with the terms of the loan.

As at 30 June 2022, the Company has also provided a corporate guarantee for a bank loan of RMB19 million (approximately $3.9 million) [31 December 2021: RMB19 million (approximately $4.07 million)].

C. Condensed interim consolidated statement of cash flows

	Group			
	Second Quarter Ended 30 June		Half Year Ended 30 June	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Cash flows from operating activities :				
Loss before taxation				
- continuing operations	(235)	(954)	(1,043)	(1,648)
- discontinued operation - profit	34	18	67	35
Loss before taxation, total	(201)	(936)	(976)	(1,613)
Adjustments for :				
Depreciation and amortisation expenses	73	116	147	225
Interest expense (Note (a))	107	146	209	274
Interest income	(1)	(1)	(2)	(1)
Unrealised exchange gain/(loss)	(46)	54	(14)	-
Operating loss before working capital changes	(68)	(621)	(636)	(1,115)
(Increase)/decrease in stocks	(62)	(19)	47	115
(Increase)/decrease in receivables	(166)	64	(226)	(179)
Increase/(decrease) in payables	(87)	10	(363)	384
Cash used in operations	(383)	(566)	(1,178)	(795)
Interest received	1	1	2	1
Tax paid	-	(35)	-	(46)
Net cash flows used in operating activities	(382)	(600)	(1,176)	(840)
Cash flows from investing activities :				
Changes in asset held for sale	(188)	-	(134)	-
Decreased in restricted deposits (Note (b))	-	(4)	-	(148)
Net cash flows used in investing activities	(188)	(4)	(134)	(148)
Cash flows from financing activities :				
Repayment of bank loan	-	-	(2,129)	(1,987)
Proceeds from bank loan	-	-	2,129	1,987
Net decreased in pledged deposits (Note (a))	113	115	74	220
Payments of lease liability	(7)	(6)	(13)	(12)
Interest paid (Note (a))	(107)	(116)	(209)	(224)
Loan from a controlling shareholder	-	412	-	412
Loan from a director	-	150	-	450
Net cash flows generated from/(used in) financing activities	(1)	555	(148)	846
Net decrease in cash and bank balances	(571)	(49)	(1,458)	(142)
Cash and bank balances at beginning of period	1,410	238	2,297	331
Effects of exchange rate changes on cash and cash equivalents	(30)	2	(30)	2
Cash and bank balances at end of period	809	191	809	191

C. Condensed interim consolidated statement of cash flows (Cont'd)

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

	Group	
	As at 30 June	
	2022	2021
	$'000	$'000
Cash and bank balances	1,292	646
Less : pledged deposits for bank loans (Note (a))	(265)	(236)
Less : restricted use of mining deposits (Note (b))	(218)	(219)
Cash and bank balances at end of period	809	191

Note (a): Included in the interest expense in six months ended 30 June 2022 ("**1H2022**") and 30 June 2021 ("**1H2021**") were amounts of $209,000 and $224,000, respectively, paid via deduction from the pledged deposits with the banks. The amount in the pledged deposits can only be used to pay interest on the bank loans.

Note (b): In 2019, the PRC government refunded deposits in respect of the Group's rehabilitation obligations for its mines but requires the amounts to be held in specific bank accounts and the use of these amounts is restricted until the completion of rehabilitation of the mines.

D. Condensed interim statements of changes in equity

Group	Share capital $'000	Merger reserve $'000	Accumulated losses $'000	Foreign currency translation reserve $'000	Safety fund surplus reserve $'000	Total reserves $'000	Non-controlling interest $'000	Total equity $'000
2022								
Balance at 1 January 2022	78,283	850	(79,099)	1,811	1,550	(74,888)	(2,537)	858
Total comprehensive income/(loss) for the period	-	-	(767)	152	-	(615)	(8)	(623)
Balance at 31 March 2022	78,283	850	(79,866)	1,963	1,550	(75,503)	(2,545)	235
Total comprehensive income/(loss) for the period	-	-	(194)	(595)	-	(789)	3	(786)
Balance at 30 June 2022	78,283	850	(80,060)	1,368	1,550	(76,292)	(2,542)	(551)
2021								
Balance at 1 January 2021 , as restated*	78,283	850	(13,133)	989	1,550	(9,744)	9,310	77,849
Total comprehensive loss for the period	-	-	(677)	(244)	-	(921)	-	(921)
Balance at 31 March 2021, as restated*	78,283	850	(13,810)	745	1,550	(10,665)	9,310	76,928
Total comprehensive income/(loss) for the period	-	-	(921)	793	-	(128)	(17)	(145)
Balance at 30 June 2021, as restated*	78,283	850	(14,731)	1,538	1,550	(10,793)	9,293	76,783
Total comprehensive income/(loss) for the period	-	-	(1,677)	128	-	(1,549)	(9)	(1,558)
Balance at 30 September 2021, as restated*	78,283	850	(16,408)	1,666	1,550	(12,342)	9,284	75,225
Total comprehensive income/(loss) for the period	-	-	(62,691)	145	-	(62,546)	(11,821)	(74,367)
Balance at 31 December 2021, as restated*	78,283	850	(79,099)	1,811	1,550	(74,888)	(2,537)	858

*During the financial year ended 31 December 2021, the Group identified prepayments and other receivables amounting to $433,000 which should have been impaired prior to 2020 and prior adjustments were made.

Company	Share capital $'000	Accumulated losses $'000	Total reserves $'000	Total equity $'000
2022				
Balance at 1 January 2022	78,283	(73,793)	(73,793)	4,490
Total comprehensive loss for the period	-	(216)	(216)	(216)
Balance at 31 March 2022	78,283	(74,009)	(74,009)	4,274
Total comprehensive loss for the period	-	(309)	(309)	(309)
Balance at 30 June 2022	78,283	(74,318)	(74,318)	3,965
2021				
Balance at 1 January 2021	78,283	(36,892)	(36,892)	41,391
Total comprehensive loss for the period	-	(426)	(426)	(426)
Balance at 31 March 2021	78,283	(37,318)	(37,318)	40,965
Total comprehensive loss for the period	-	(373)	(373)	(373)
Balance at 30 June 2021	78,283	(37,691)	(37,691)	40,592
Total comprehensive loss for the period	-	(1,586)	(1,586)	(1,586)
Balance at 30 September 2021	78,283	(39,277)	(39,277)	39,006
Total comprehensive loss for the period	-	(34,516)	(34,516)	(34,516)
Balance at 31 December 2021	78,283	(73,793)	(73,793)	4,490

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

The Company was incorporated in the Republic of Singapore on 3 January 2012 as a private company limited by shares under the name of "AsiaPhos Private Limited". On 6 September 2013, the Company changed its name to "AsiaPhos Limited" in connection with its conversion to a public company limited by shares. The Company was listed on Catalist Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 7 October 2013.

The Company registered office is located at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 with its principal place of business is located at 22 Kallang Avenue, #03-02 Hong Aik Industrial Building, Singapore 339413.

These condensed interim financial statements as at and for the second quarter and six months ended 30 June 2022 comprises the Company and its subsidiaries (collectively, the "Group").

The principal activities of the Group were previously organised into product units based on their products and have two reportable segments as follows:

(a) The upstream segment is in the business of exploration, mining and sale of phosphate rocks; and
(b) The downstream segment is in the business of manufacturing, sale and trading of phosphate-based chemical products.

Since the upstream segment has ceased business activities, the Group report only the continuing activity of the downstream segment in these condensed interim financial statements.

2. Basis of Preparation

The condensed interim financial statements for the second quarter and six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

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.

<u>Going concern</u>
The Group incurred a net loss after tax of $0.98 million in 1H2022 (1H2021: $1.62 million) and reported net cash used in operating activities of $1.18 million in 1H2022 (1H2021: $0.84 million). As at 30 June 2022, the Group's current liabilities exceeded its current assets by $8.54 million (31 December 2021: $7.66 million) and reported a net deficit in equity of $0.55 million. For the period ended, the Company has accumulated losses of $74.32 million (31 December 2021: $73.79 million) and has a net current liability of $5.44 million (31 December 2021: $4.91 million).

The above factors may indicate the existence of material uncertainty, which may cast significant doubt about the Group's and the Company's ability to continue as going concern.

The Board has taken into consideration the Group's plans and is of the view that the Group will be able to operate as a going concern. The basis of the Board's opinion is as follows:

(a) The Group is able to generate cash flows from its downstream chemical segments through trading of chemical products like Sodium Tripolyphosphate ("STPP"), Sodium Hexametaphosphate ("SHMP") as well as other polyphosphate chemicals and achieve reduction in cash outlays and overheads due to downsized operations.

(b) the proposed disposal of the Phase 2 Factory Assets located at Xiangliu Village, Gongxing Town, Mianzhu City, Sichuan Province, PRC (the "Proposed Disposal") of RMB31.50 million, as announced on 29 November 2021. As at 30 June 2022, RMB20.48 million of the purchase consideration has been received. The Group shall transfer the Phase 2 Factory Assets and the title thereto to the Purchaser upon receipt of the remaining balance of the sales proceeds of RMB11,025,000 anytime, but not later than 29 November 2022. As of now, barring unforeseen circumstances, the Board is not aware of any information which may suggest that the transaction will not complete. The balance proceeds from the Proposed Disposal is to be utilised for the full-repayment of the bank loan.

(c) The Group has received offers for the sale, lease or a joint venture of its P4 plant and is in advanced discussions with three parties. The current prices for P4 makes it favourable for agreement to be reached.

(d) Discussions will be carried out by the Group with financial institutions to rollover its existing loans as and when they fall due. As the Group has in the past not defaulted on any of the loans extended to it, barring unforeseen circumstances, the Board expects that the Group will be able to obtain requisite financing for the Group's operations. The Company's subsidiaries, Mianzhu Norwest and Deyang Fengtai Mining Company Limited ("Fengtai"), have managed to extend the maturity of the bank loans for another 12 months as announced on 24 December 2021 and 10 January 2022.

(e) The Group's majority shareholders (being Dr Ong and Astute Ventures) have provided undertakings that they will not demand repayment of the loans provided by them and that they will continue to provide financial support in order to ensure that the Group will be able to operate as a going concern, including, *inter-alia,* capitalisation of the shareholders loans and undertaking other restructuring as may be needed.

(f) The Company is exploring potential equity fund raising.

The directors undertake to ensure all material developments with regards to the Company's operations, assets and liabilities, fund raising exercises will be disclosed on a timely basis.

As a result, based on the points set out above, the consolidated financial statements of the Group and the Company have been prepared on a going concern basis.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

The condensed interim financial statements have been prepared on the historical cost basis except as otherwise described in the notes below. These financial statements are presented in Singapore Dollar which is the Company's functional currency. All financial information has been presented in Singapore Dollars and rounded to the nearest thousand ($'000) unless otherwise stated.

2.1 New and amended standards adopted by the Group

The Group has adopted the same accounting policies for the current reporting period as compared with the previous financial year, except for the adoption of new or revised standards that are effective for the financial year beginning on or after 1 January 2022. The adoption of these standards has no material impact on the financial performance or position of the Group.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and 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 2021.

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are as follows:

<u>Assets and liability of disposal group</u>

Since November 2017, the Group has been in discussions with the Chinese Government on the Mianzhu City Government's request for the Group to provide a letter of undertaking to inter alia, vacate and rehabilitate its mining sites in respect of Mine 2 of Sichuan Mianzhu Norwest Phosphate Chemical Co., Ltd ("Sichuan Mianzhu") and the mine of Deyang Fengtai Mining Co., Ltd. ("Fengtai Mine") and the non-renewal of Sichuan Mianzhu's Mine 1 mining and exploration licenses (collectively, the "Mining Assets"). The Group has been advised that the Group's ownership of the Mining Assets was still valid as at 31 December 2017, and the Chinese Government's action was tantamount to an indirect expropriation of these Mining Assets.

SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations requires non-current assets to be classified as held for sale if the carrying amount will be recovered principally through a sale transaction or otherwise rather than continuing use. The carrying value of the Mining Assets is expected to be recovered principally through compensation receivable from the Chinese Government for the expropriation of the Mining Assets.

SFRS(I) 5 also recognises that events and circumstances may extend the period required to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude the disposal group from being classified as held for sale if the delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the disposal group.

As at 30 June 2022, the disposal of Mining Assets has not been completed. As announced on 11 August 2020, the Group's lawyers had submitted a Request for Arbitration to the Chinese Government and the arbitration is in progress. The Group continues to be open to consider any compensation proposal from the Chinese Government.

Accordingly, due to the continuing discussions with the Chinese Government, the directors were of the view that it was appropriate for the Group to continue to present all mining related assets, liabilities and goodwill as "assets of disposal group" and "liabilities of disposal group" respectively on the Group's consolidated balance sheet as at 30 June 2022.

Non-current assets classified as held for sale

Accounting for non-current assets classified as held for sale involves significant management judgements. These include, amongst others, the conditions to be met in classifying a non-current asset as held for sale, and valuation of the assets and presentation in the financial statements.

On 29 November 2021, the Company's subsidiary, Sichuan Mianzhu Norwest Phosphate Chemical Co., Ltd entered into a sale and purchase agreement ("SPA") with Sichuan Mianzhu Huaxinfeng Food Co., Ltd relating to the proposed disposal of its proposed disposal of its Sodium Tripolyphosphate plant ("STPP") (referred hereinafter as Phase 2 Factory Assets") and the associated land use rights for cash consideration of RMB31.5 million.

Pursuant to the SPA, as at the balance sheet date, the Group had received 65% of the sales proceeds of RMB20.48 million (approximately $4,386,000) which was presented as advance payment within trade and other payables. The Group shall transfer the Phase 2 Factory Assets and the title thereto to the Purchaser upon receipt of the remaining balance of the sales proceeds of RMB11,025,000 anytime, but not later than 29 November 2022.

Management expects completion of disposal of the Phase 2 Factory Assets within one year from the initial date of classification.

Income tax

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Determination of the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects the assessment, and that is within the control of the lessee. For leases of office premises and service outlets, the Group considers factors including historical lease durations and the costs and business disruption required to replace the leased asset.

If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).

If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).

Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Key sources of estimation uncertainty

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

Depreciation of property, plant and equipment and right-of-use assets

The Group reviews the estimated useful lives of property, plant and equipment and right-of-use assets at the end of each annual reporting period. Changes in the expected level and future usage can impact the economic useful lives of these assets with consequential impact on the future depreciation charge.

Impairment of property, plant and equipment and right-of-use assets.

The Group assesses whether there are any indicators of impairment for property, plant and equipment and right-of-use assets at the end of each reporting period. Property, plant and equipment and right-of-use assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. When value in use calculation is undertaken, management estimates the expected future cash flows from the asset or cash-generating unit by applying a suitable discount rate to calculate the present value of those cash flows. When fair value less costs to sell is used, management uses the value estimated by professional valuers to determine the fair values using valuation techniques which involve the use of estimates and assumptions which are reflective of current market conditions.

Impairment of assets of disposal group

Assets of disposal group include all mining related property, plant and equipment, mine properties, goodwill and deposits for mining levy. As at 30 June 2022, the asset of disposal group has been fully impaired.

Impairment of investment in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimation of the value-in-use of the investments or the realisable value of the underlying net assets. The value-in-use calculation requires the Company to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows.

At the reporting date, the carrying amount of investment in subsidiaries is $9.4 million. Management has evaluated the recoverability of the investment based on the estimated realisable value of the underlying net assets.

Allowance for expected credit losses of trade and other receivables

The Group uses a provision matrix to calculate ECLs for trade and other receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical 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 forecast of 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.

Allowance for inventory obsolescence

The Group reviews the ageing analysis of inventories at each reporting date and makes provision for obsolete and slow-moving inventory items identified that are no longer suitable for sale. The net realisable value for such inventories is estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories.

Estimation of the incremental borrowing rate ("IBR")

For the purpose of calculating the right-of-use asset and lease liability, an entity applies the interest rate implicit in the lease ("IRIIL") and, if the IRIIL is not readily determinable, the entity uses its IBR applicable to the leased asset. The IBR is the rate of interest that the entity would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For most of the leases whereby the Group is the lessee, the IRIIL is not readily determinable. Therefore, the Group estimates the IBR relevant to each lease asset by using observable inputs (such as market interest rate and asset yield) when available, and then making certain lessee specific adjustments (such as a group entity's credit rating).

3. Seasonal operations

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

4. Segment and revenue information

As the upstream business has ceased business operation and full impairment loss of the assets has been recognised in the year ended 31 December 2021, no separate reporting of business segment has been presented for the upstream segment. See Note 1.

4.1 Geographical information

Revenue information based on the geographical location of customers and non-current assets are as follows:

	Group			
	Revenue		Non-current assets	
	6 months ended 30 June		As at	
	2022	2021	30 June 2022	31 December 2021
	$'000	$'000	$'000	$'000
People's Republic of China	-	-	11,145	11,790
India	710	429	-	-
Ireland	271	115	-	-
Japan	72	16	-	-
Malaysia	65	-	-	-
Singapore	-	-	38	52
Others	161	35	-	-
	1,279	595	11,183	11,842

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets and other receivables as presented in the consolidated balance sheets.

4.2 Information about major customers

	Group			
	6 Months Ended 30 June		6 Months Ended 30 June	
	2022		2021	
	$'000	% of revenue	$'000	% of revenue
Revenue				
Customer A	710	56%	429	72%
Customer B	271	21%	115	19%
Customer C	98	8%	-	-

4.3 Information about products

Revenue information based on products is as follows:

	Group	
	6 months ended 30 June	
	2022	2021
	$'000	$'000
STMP	1,008	429
Commodity product	271	115
SHMP and Others	-	51
Revenue from continuing operations	1,279	595

5. Financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category at the reporting date are as follows:

	The Group		The Company	
	30 June	31 December	30 June	31 December
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Financial assets at amortised cost				
Other receivables#	292	142	282	117
Trade receivables	115	1	79	-
Amounts due from subsidiaries	-	-	933	517
Cash and bank balances	1,292	2,876	168	413
	1,699	3,019	1,462	1,047
Financial liabilities at amortised cost				
Trade and other payables ^	3,172	3,669	518	798
Interest-bearing bank loans *	3,901	4,069	-	-
Loan due to a director	1,792	1,792	1,751	1,751
Loan due to a controlling shareholder	456	456	456	456
Lease liability	119	133	-	-
Amounts due to subsidiaries			4,200	3,005
	9,440	10,119	6,925	6,010
# Exclude prepayments				
* Exclude liabilities of non-current assets classified as held for sale				
^ Exclude advance payment from proposed assets disposal				
Other receivables and prepayments#	611	498	310	170
Less: Prepayment	(319)	(356)	(28)	(53)
	292	142	282	117

6. Taxation

There was no tax for the period as the Group did not have taxable profit.

At the reporting date, the Group has not recognised deferred tax assets in respect of unutilised tax loss due to the uncertainty whether future taxable profits will be available against which the Group can utilise the benefits.

7. Right-of-use assets

	Land-use-rights	Office premises	Total
The Group	$'000	$'000	$'000
Cost			
At 1 January 2021	4,709	381	5,090
Transfer to non-current assets classified as held for sale	(3,119)	-	(3,119)
Currency realignment	262	-	262
At 31 December 2021	1,852	381	2,233
Additions	-	-	-
Disposal	-	-	-
Currency realignment	(77)	-	(77)
At 30 June 2022	**1,775**	**381**	**2,156**
Accumulated depreciation and impairment losses			
At 1 January 2021	669	381	1,050
Depreciation expense	96	-	96
Transfer to non-current assets classified as held for sale	(435)	-	(435)
Currency realignment	41	-	41
At 31 December 2021	371	381	752
Depreciation expense	(18)	-	(18)
Disposal	-	-	-
Currency realignment	20	-	20
At 30 June 2022	**373**	**381**	**754**
Net carrying amount			
At 30 June 2022	**1,402**	**-**	**1,402**
At 31 December 2021	1,481	-	1,481

Right-of-use assets represent:

(i) cost of land use rights in respect of one plot of leasehold land located in Sichuan Province, PRC. A PRC subsidiary obtained land use rights in Mianzhu City, Sichuan Province, PRC, with licensed tenure of approximately 50 years when obtained in December 2011.

(ii) right of use to occupy an office space which was previously recognised as operating lease. Depreciation of right-of-use assets are recognised in the "General and administrative costs" in the consolidated statement of comprehensive income.

8. Property, plant and equipment

During the six months ended 30 June 2022 and 2021, the Group did not acquire nor dispose of any asset.

9. Disposal group and discontinued operation

Assets and liabilities of disposal group

During the year ended 2021, the directors reassessed the Group's position in the investment dispute with the Chinese Government. It looked increasingly unlikely that the Chinese Government will settle the dispute amicably. Any compensation is subject to the outcome in the ongoing international arbitration and the final award by the Arbitral Tribunal. Accordingly, the Group recorded an impairment loss on the book value of $90 million on the Mining Assets that was presented as "Assets of disposal group" and reversed the related deferred tax liabilities of $16.38 million from "Liabilities of disposal group".

Non-current assets classified as held for sale

Accounting for non-current assets classified as held for sale involves significant management judgements. These include, amongst others, the conditions to be met in classifying a non-current asset as held for sale, and valuation of the assets and presentation in the financial statements.

The summary of the assets and liabilities that has been classified as held for sale are as follows:

	Group	
	30 June 2022	31 December 2021
	$'000	$'000
Right-of-use asset (land use rights)	2,573	2,684
Property, plant and equipment	3,634	3,792
Other receivables	91	-
Non-current assets classified as held for sale	6,298	6,476
Interest-bearing bank loans	2,053	2,142
Advances received from customer	27	72
Liabilities of non-current assets classified as held for sale	2,080	2,214

The results of discontinued operation for the six months ended 30 June 2022 and 2021 are as follows:

	Group					
	Second Quarter Ended 30 June			Half Year Ended 30 June		
	2022	2021	Change	2022	2021	Change
	$'000	$'000	%	$'000	$'000	%
Discontinued operations						
Other income	69	53	30	137	103	33
Finance costs	(35)	(35)	-	(70)	(68)	3
Profit before tax from discontinued operations	34	18	89	67	35	91
Taxation	-	-		-	-	
Profit for the period from discontinued operations	**34**	**18**	**89**	**67**	**35**	**91**

The cashflow attributable to discontinued operation are as follows:

	Group			
	Second Quarter Ended 30 June		Half Year Ended 30 June	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Net cash flows generated in operating activities	-	2	-	103
Net cash flows generated from/(used in) financing activities	7	(26)	(131)	(76)

On 29 November 2021, the Company's subsidiary, Sichuan Mianzhu Norwest Phosphate Chemical Co., Ltd entered into a sale and purchase agreement ("SPA") with Sichuan Mianzhu Huaxinfeng Food Co., Ltd relating to the proposed disposal of its Sodium Tripolyphosphate plant ("STPP") (referred hereinafter as Phase 2 Factory Assets") and the associated land use rights for cash consideration of RMB31.5 million.

Pursuant to the SPA, as at 31 December 2021, the Group had received 65% of the sales proceeds of RMB20.48 million (approximately $4,3gudian86,000) which was presented as advance payment within trade and other payables. The Group shall transfer the Phase 2 Factory Assets and the title thereto to the Purchaser upon receipt of the remaining balance of the sales proceeds of RMB11,025,000 anytime, but not later than 29 November 2022. Management expects completion of disposal of the Phase 2 Factory Assets within one year from the initial date of classification.

10. Interest-bearing bank loans

	Group			
	30 June 2022		31 December 2021	
	Secured	Unsecured	Secured	Unsecured
	$'000	$'000	$'000	$'000
Amount repayable				
In one year or less, or on demand*	5,954	-	6,211	-
After one year	-	-	-	-
	5,954	-	6,211	-

***** included liabilities of non-current assets classified as held for sale

11. Share capital

	The Group and the Company			
	30 June 2022		31 December 2021	
	Number of shares		Number of shares	
	'000	$'000	'000	$'000
Ordinary shares issued and fully paid, with no par value:				
Balance at beginning and at end of year	1,031,525	78,283	1,031,525	78,283

12. Related Parties Transactions

Except as disclosed in note 13 of Section F in this announcement, there were no other related parties transactions.

13. Reclassification of Current Period Condensed Financial Statement

Certain comparatives figures have been reclassified to conform with the current period presentation.

14. Events Occurring After the Reporting Period

There are no known subsequent events which led to adjustments to this set of interim financial statements.

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

1(i) 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.

As at 31 December 2021 and 30 June 2022, the number of issued ordinary shares of the Company ("**Shares**") (excluding treasury shares) was 1,031,524,685.

There were no outstanding convertibles as at 30 June 2021 and 30 June 2022.

As at 30 June 2021 and 30 June 2022, the Company did not hold any treasury shares and there were no subsidiary holdings.

1(ii) 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.

	As at	
	30 June 2022	**31 December 2021**
Total number of shares issued (excluding treasury shares)	1,031,524,685	1,031,524,685

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

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

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

Not applicable. There were no 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 nor reviewed by the auditors.

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

Not applicable. The figures have not been audited nor reviewed by the auditors.

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

The latest audited financial statements for the financial year ended 31 December 2021 were subjected to a disclaimer opinion by the independent auditor of the Company (the "**Auditor**"). The following matters were included in the said audit opinion:

i) Going Concern
<u>Update:</u>
The Board has taken into consideration the Group's plans as disclosed in page 11 section 2 about going concern and is of the view that the Group and the Company are able to continue as a going concern.

ii) Assets and liability of disposal group and discontinued operation
<u>Update:</u>
Significant uncertainties continue to as the arbitration is ongoing.

iii) Recoverable amount of property, plant and equipment and right-of-use assets ("ROU")
<u>Update:</u>
The management had assessed the recoverable amounts of the P4 plant, STPP plant and ROU, and is the opinion that no provision for impairment loss on the P4 plant, STPP plant and ROU assets were required in 2Q2022.

The Group will continue to assess the recoverable amount of the P4 plant, STPP plant and ROU assets.

iv) Impairment of investment in subsidiaries and recoverability of amounts due from subsidiaries
<u>Update:</u>
As at 30 June 2022 and 31 December 2021, the carrying amount of investment in subsidiaries is $9,400,000, respectively, which is based on the directors estimate of the adjusted net asset value of the subsidiary. Significant uncertainties continue to exist as the negotiations for various proposal of the phase 1 factory is still ongoing.

The Board confirms that the impact of the abovementioned audit issues on the financial statements have been adequately disclosed.

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

Except as disclosed in Paragraph 5, the Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the most recently audited consolidated financial statements for the financial year ended 31 December 2021.

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.**

The Group and the Company have adopted the new and revised Singapore Financial Reporting Standards (International) ("**SFRS(I)**") and Interpretations of Singapore Financial Reporting Standards (International) ("**INT SFRS(I)**") that are mandatory for the financial period beginning on 1 January 2022. The adoption of these new/revised SFRS(I), INT SFRS(I) and amendments to SFRS(I) has no material impact on the financial performance or position of the Group and the Company.

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).

	Group			
	Second Quarter Ended 30 June		Half Year Ended 30 June	
	2022	2021	2022	2021
Profit/(loss) attributable to owners of the Company used in the computation of basic earnings per share ($'000)				
- from continuing operations	(228)	(939)	(1,028)	(1,633)
- from discontinued operation	34	18	67	35
	(194)	(921)	(961)	(1,598)
Weighted average number of ordinary shares for basic eraning/(loss) per share ('000)	1,031,525	1,031,525	1,031,525	1,031,525
Basic earning/(loss) per share (cents)				
- from continuing operations	(0.02)	(0.09)	(0.10)	(0.16)
- from discontinued operation	0.00	0.00	0.01	0.00
	(0.02)	(0.09)	(0.09)	(0.16)

As at 30 June 2022 and 2021, there were no dilutive instruments.

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	
	As at		As at	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Net asset value ($'000)	(551)	858	3,965	4,490
Number of ordinary shares ('000)	1,031,525	1,031,525	1,031,525	1,031,525
Net asset value per ordinary share (cents)	(0.05)	0.08	0.38	0.44

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.

The figures in this section where applicable, have been rounded to the nearest two (2) decimal place.

Profit or loss

Revenue, cost of goods sold and gross profit

Revenue increased by $0.38 million, from $0.17 million in 2Q2021 to $0.55 million in 2Q2022, mainly due to higher quantity sold and higher average selling price in 2Q2022 as compared to 2Q2021. The revenue was mainly derived from the sales of STMP and other commodity products.

The Cost of goods sold increased by $0.33 million, from $0.14 million in 2Q2021 to $0.47 million in 2Q2022, in line with the higher sales.

Gross profit increased by $0.05 million from $0.03 million in 2Q2021 to $0.08 million in 2Q2022 while its gross profit margin decreased by 5% from 19% in 2Q2021 to 14% in 2Q2022 due to change in the sales mix.

Selling and distribution costs

Selling and distribution costs increased in line with the higher activity level.

General and administrative costs

General and administrative costs decreased by $0.66 million, from $0.87 million in 2Q2021 to $0.21 million in 2Q2022, mainly due to lower legal and professional fees incurred in the arbitration of the investment dispute with China.

Finance costs

Finance costs decreased by $0.03 million, from $0.11 million in 2Q2021 to $0.08 million in 2Q2022, mainly due to no accrual of interest on loans from the director and controlling shareholder for the working capital of the company.

Discontinued operation

Profit from discontinued operation increased by $0.01 million, from $0.02 million in 2Q2021 to $0.03 million in 2Q2022 due to accrual of interest income set off with lower rental income of sodium tripolyphosphate (STPP) Phase 2 plant in view of entry into agreement for the sale of the plant in November 2021.

The commentary above should be read in conjunction with our results announcement dated 11 May 2022. The lower loss for the six months ended 1H2022 compared to 1H2021 is mainly a result of higher revenues recorded and lower legal and professional costs incurred.

Balance sheet

Non-current assets

Non-current assets decreased by $0.66 million, from $11.84 million as at 31 December 2021 to $11.18 million as at 30 June 2022, mainly due to depreciation and amortisation of right-of-use asset and property, plant and equipment combined with the strengthening of SGD against the RMB.

Current assets

Stock decreased by $0.04 million, from $0.15 million as at 31 December 2021 to $0.11 million as at 30 June 2022, mainly due to sales made in the first half 2022.

Trade receivables increased to $0.12 million in 30 June 2022 aligned with the sales being made in the first half 2022.

Other receivables and prepayments increased by $0.11 million, from $0.5 million as at 31 December 2021 to $0.61 million as at 30 June 2022 mainly due to additional deposit payment to the International Centre for Settlement of Investment Dispute (ICSID), relating to the arbitration with Chinese Government.

Cash and bank balances decreased by $1.59 million, from $2.88 million as at 31 December 2021 to $1.29 million as at 30 June 2022, mainly due to payment of operation expenses of the Group.

Current liabilities

Current liabilities decreased by $0.70 million, from $17.66 million as at 31 December 2021 to $16.96 million as at 30 June 2022, mainly due to decrease in the other payables.

Other payables decreased by $0.55 million, from $8.00 million as at 31 December 2021 to $7.45 million as at 30 June 2022, mainly due to payment made to the professional combined with the strengthening of SGD against the RMB.

Contract liabilities increased by $0.14 million, from $0.20 million as at 31 December 2021 to $0.34 million as at 30 June 2022, mainly due to advance payments from the customers.

Interest-bearing bank loans (inclusive of the loans classified as liabilities of non-current assets classified as held for sale) decreased by $0.26 million from $6.21 million as at 31 December 2021 to $5.95 million as at 30 June 2022, mainly due to the strengthening of SGD against the RMB.

As at 30 June 2022, the Group’s current liabilities exceeded its current assets by $8.54 million (31 December 2021: $7.66 million) mainly due to short-term interest-bearing bank loans and deposit received from the disposal of Phase 2 plant. In China working capital bank loans are short term and are normally renewable on annually.

Cash flow statement

Cash flow statement for 2Q2022

Operating loss before working capital changes was $0.07 million in 2Q2022, while net cash flow used in operating activities were $0.38 million, mainly due to payment of additional deposit to ICSID.

Cash flows used in investing activities was $$0.19 million in 2Q2022, mainly due to changes in non-current asset classified as asset held for sale.

Cash flows used in financing activities was zero in 2Q2022, mainly due to decreased in the pledged deposit of $0.11 million off set with the interest payment of $0.11 million.

As a result of the above, there was a net decrease in cash and cash equivalents of $0.57 million in 2Q2022.

Cash flow statement for 1H2022

Operating loss before working capital changes was $0.64 million in 1H2022, while net cashflow used in operating activities were $1.18 million, mainly due to payment of legal and professional fees and the additional deposit to ICSID.

Cash flows used in investing activities was $0.13 million in 1H2022, mainly due to changes in non-current asset classified as asset held for sale.

Cash flows used in financing activities was $0.15 million in 1H2022, mainly due to payment of interest.

As a result from the above, there was a net decrease in cash and cash equivalents of $1.46 million in 1H2022.

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

The Group's unaudited results is in line with the profit guidance announcement on 5 August 2022.

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 required to observe confidentiality in the pending investment arbitration. The Group is also mindful of its obligations under the Catalist Listing Rules and will make the requisite announcements when there are material developments.

Trading conditions remain challenging and may be impacted by China's tough zero covid policy. Management continues to try to expand the geographical base of the Group's customers of downstream phosphate chemicals like STPP and STMP produced by our tenant and cooperation partner.

Management is evaluating several proposals from parties interested in acquiring the phase 1 plant (P4 plant).The Group's plant is newer compared to many other older and smaller P_4 facilities which have been forced to stop production by the authorities. The P_4 market is a seller's market currently with the market prices of P_4 in the region of RMB33,000 per ton. Conditions are favourable for the Group to try to secure a sale of the Phase 1 plant. The Group has received expression of interest and offers for the sale, lease or a joint venture of its P4 plant and is in advance discussion with 3 different parties. The discussions for Phase 1 plant is in progress but there is no certainty that an agreement can be reached.

Management will continue to source for other corporate, business, acquisition and financing opportunities as and when available and appropriate in order to enhance the value for shareholders.

11. Dividend

(a) Current Financial Period Reported On: Any dividend declared for the current financial period reported on?

Nil.

(b) Corresponding Period of the Immediately Preceding Financial Year: Any dividend declared for the corresponding period of the immediately preceding financial year?

Nil.

(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).

Not applicable.

(d) Date payable

Not applicable.

(e) Record date

Not applicable.

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

No dividend has been declared or recommended for 2Q2022 as the Company is not in the financial position to declare dividends.

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

No IPT mandate has been obtained from shareholders of the Company. The Company will seek shareholder approval of IPT mandate at an EGM to be announced in due course.

On 21 June 2013, Chief Executive Officer and Executive Director of the Company, Dr. Ong Hian Eng ("**Dr. Ong**"), Mr Ong Kwee Eng (an associate of Dr. Ong), and key executives Mr Wang Xuebo and Mr Chia Chin Hau (collectively, the "**Indemnitors**") signed a deed of indemnity, under which they have jointly and severally undertaken, *inter alia*, to indemnify and hold harmless the Group against losses in connection with certain land use rights and certain licences, permits and approvals for the Group's PRC operations (the "**Indemnity**"). No fees were paid or benefits given to the abovementioned individuals in connection with the deed of indemnity. Please refer to the Company's offer document dated 25 September 2013 ("**Offer Document**") under the section entitled "Interested Person Transactions – Present and Ongoing Interested Period Transactions" (Page 191) for further details. Such indemnity against losses in connection with the abovementioned land use rights had expired on 7 April 2015. On 20 February 2017, the Company and the Indemnitors entered into a supplemental deed, pursuant to which it was agreed that the Indemnity shall terminate upon the occurrence of (i) any transaction or series of transaction resulting the Indemnitors and their associates (as defined in the Catalist Rules) collectively holding less than 51.0% of the total issued and paid-up share capital of the Company; and (ii) Dr. Ong, Mr Ong Eng Hock Simon, Mr Ong Eng Siew Raymond and Ms Ong Bee Pheng, and any relative (including by marriage) of Dr. Ong from time to time, no longer collectively constituting a majority representation on the Board.

In addition to the loan of $200,000 extended by Dr. Ong in August 2019, Dr. Ong has extended a loan of $150,000 in February 2020; $200,000 in June 2020; $200,000 in August 2020; $100,000 in November 2020; $100,000 in January 2021; $100,000 in February 2021; $100,000 in March 2021; $150,000 in June 2021; $100,000 in July 2021, $50,000 in August 2021 and another $150,000 in October 2021 to the Company. As at 31 March 2022, the loan from Dr. Ong amounted to $1,600,000. These loans are for the Company's working capital, are unsecured, repayable on demand and will bear interest at 8% per annum. As at date of this announcement, interest on loans accrued to Dr. Ong amounted to $151,000.

Astute Ventures Pte Ltd, a controlling shareholder, has extended loans of $201,750 in April 2021; $211,120 in May 2021, and another $20,000 in September 2021. As at 30 June 2022, the loan from Astute Ventures Pte Ltd amounted to $432,870. These loans are for the Company's working capital, are unsecured, repayable on demand and will also bear interest at 8% per annum. As at date of this announcement, interest on loans accrued to Astute Ventures Pte Ltd amounted to $28,800.

The Audit Committee had discussed the terms of the loans and is of the view that the loans are i) for the benefit of the Group; ii) on normal commercial terms; and iii) are not prejudicial to the interests of the issuer and its minority shareholders.

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Dr Ong Hian Eng	Director	Nil [(1)]	Not applicable
Astute Ventures Pte Ltd	Controlling shareholder	Nil [(2)]	Not applicable

Note:

(1) As explained in the previous paragraphs, Dr Ong has extended numerous loans during August 2019 – October 2021. As at the date of this announcement, the loans from Dr Ong amounted to $1,600,000. The interest on loans accrued to Dr. Ong amounted to $151,000.

(2) As explained in the previous paragraphs, Astute Ventures Pte Ltd has extended numerous loans during April 2021 – September 2021. As at the date of this announcement, the loans from Astute Ventures Pte Ltd amounted to $432,870. The interest on loans accrued to Astute Ventures Pte Ltd amounted to $28,800.

The loans are unsecured, repayable on demand and will bear interest at 8% per annum.

There was no accrual of interest on loan from Dr Ong and Astute Ventures Pte Ltd in 1H2022 as the interest accrual requires approval from the shareholders at an EGM and the Board is considering convening an EGM to seek approval for the interest on loan to the interested parties and also in conjunction with the proposed disposal of the phase 1 plant when an agreement is reached with the potential buyer.

14. Negative confirmation pursuant to Rule 705(5) of the Catalist Listing

The Board hereby confirms that, to the best of its knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for 2Q2022 to be false or misleading in any material aspects.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual

The Company hereby confirms that it has procured signed undertakings from all its Directors and the relevant executive officers in the format as set out in Appendix 7H of the Catalist Listing Manual in accordance with Rule 720(1) of the Catalist Listing Manual.

On behalf of the Board,

Dr Ong Hian Eng
CEO and Executive Director

Ong Eng Hock Simon
Director

10 August 2022

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

The contact person for the Sponsor is Mr. Liau H.K., at 160 Robinson Road, #21-05 SBF Center, Singapore 068914, Telephone number: 6221 0271