



ASIAPHOS LIMITED

Company Registration Number: 201200335G

**UNAUDITED CONDENSED FINANCIAL STATEMENTS ANNOUNCEMENT FOR FIRST QUARTER
AND FINANCIAL PERIOD ENDED 31 MARCH 2022**



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

| | Group | | |
|--|------------------------------|----------------|-------------|
| | First Quarter Ended 31 March | | |
| | 2022 \$'000 | 2021 \$'000 | Change % |
| <u>Continuing operations</u> | | | |
| Revenue | 732 | 429 | 71 |
| Cost of sales | (642) | (377) | 70 |
| Gross profit | 90 | 52 | 73 |
| Other income | 53 | 2 | >100 |
| Selling and distribution costs | (35) | (14) | >100 |
| General and administrative costs | (802) | (637) | 26 |
| Finance costs | (102) | (130) | (22) |
| Loss before tax, from continuing operations | (796) | (727) | 10 |
| Taxation | - | - | N.M. |
| Loss from continuing operations, net of tax | (796) | (727) | 10 |
| <u>Discontinued operation</u> | | | |
| Profit from discontinued operation, net of tax | 21 | 50 | (57) |
| Loss for the period | (775) | (677) | 14 |
| <u>Other comprehensive income</u> | | | |
| Items that may not be recycled to profit or loss | | | |
| Foreign currency translation gain/(loss) | 27 | (244) | N.M. |
| Total comprehensive loss for the period | (748) | (921) | (19) |
| Net profit/(loss) for the period attributable to: | | | |
| <u>Owners of the Company</u> | | | |
| - Continuing operations, net of tax | (788) | (727) | 8 |
| - Discontinued operation, net of tax | 21 | 50 | (57) |
| | (767) | (677) | 13 |
| <u>Non-controlling interest</u> | | | |
| - Continuing operations, net of tax | (8) | - | N.M. |
| - Discontinued operation, net of tax | - | - | - |
| | (8) | - | N.M. |
| Loss for the period | (775) | (677) | 14 |
| Total comprehensive profit/(loss) for the period attributable to: | | | |
| <u>Owners of the Company</u> | | | |
| - Continuing operations, net of tax | (761) | (971) | (22) |
| - Discontinued operation, net of tax | 21 | 50 | (57) |
| | (740) | (921) | (20) |
| <u>Non-controlling interest</u> | | | |
| - Continuing operations, net of tax | (8) | - | N.M. |
| - Discontinued operation, net of tax | - | - | - |
| | (8) | - | N.M. |
| Total comprehensive loss for the period | (748) | (921) | (19) |

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

| | Group | |
|--|---------------------|--------|
| | First Quarter Ended | |
| | 31 March | |
| Loss per share | 2022 | 2021 |
| Loss per share for loss for the period attributable to the owner of the Company during the year: | | |
| Basic earning/(loss) per share (cents) | | |
| - from continuing operations | (0.08) | (0.07) |
| - from discontinued operation | 0.01 | 0.01 |
| | (0.07) | (0.06) |
| Diluted earning/(loss) per share (cents) | | |
| - from continuing operations | (0.08) | (0.07) |
| - from discontinued operation | 0.01 | 0.01 |
| | (0.07) | (0.06) |

Foreign currency translation gain/(loss) reported in other comprehensive income statement represents exchange differences arising from the translation of the financial statements of the 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 in PRC is not hedged as currency positions in RMB are considered to be long-term 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 first quarter ended 31 March 2022 (“1Q2022”), the Group recorded translation gain of approximately \$0.03 million due to the strengthening of RMB against SGD.

A. Condensed interim consolidated statement 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 | | |
|---|-------------------------------------|---------------|---------------|
| | First Quarter Ended 31 March | | |
| | 2022 | 2021 | Change |
| | \$'000 | \$'000 | % |
| Interest income | 2 | - | N.M |
| Government grants | - | 2 | (100) |
| Interest expenses | (102) | (108) | (6) |
| Interest on loan from director | - | (20) | (100) |
| Amortisation and depreciation | - | - | - |
| - continuing operations [#] | (74) | (109) | (32) |
| Foreign exchange gain/(loss) [*] | (17) | (47) | (64) |

"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 | |
| | 31 March 2022 \$'000 | 31 December 2021 \$'000 | 31 March 2022 \$'000 | 31 December 2021 \$'000 |
| Non-current assets | | | | |
| Right-of-use asset | 1,477 | 1,481 | - | - |
| Property, plant and equipment | 10,318 | 10,353 | - | - |
| Other receivables | 8 | 8 | - | - |
| Investment in subsidiary | - | - | 9,400 | 9,400 |
| | 11,803 | 11,842 | 9,400 | 9,400 |
| Current assets | | | | |
| Stocks | 43 | 153 | - | - |
| Trade receivables | 55 | 1 | - | - |
| Other receivables and prepayments | 504 | 498 | 183 | 170 |
| Amounts due from subsidiary | - | - | 980 | 517 |
| Cash and bank balances | 2,030 | 2,876 | 115 | 413 |
| | 2,632 | 3,528 | 1,278 | 1,100 |
| Assets of disposal group | - | - | - | - |
| Non-current assets classified as held for sale | 6,495 | 6,476 | - | - |
| | 9,127 | 10,004 | 1,278 | 1,100 |
| Total assets | 20,930 | 21,846 | 10,678 | 10,500 |
| Current liabilities | | | | |
| Trade payables | 57 | 57 | - | - |
| Other payables | 7,940 | 7,998 | 358 | 798 |
| Contract liabilities | 138 | 273 | - | - |
| Interest-bearing bank loans | 4,081 | 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 | - | - | 3,839 | 3,005 |
| | 14,489 | 14,670 | 6,404 | 6,010 |
| Liability of disposal group | 855 | 852 | - | - |
| Liabilities of non-current assets classified as held for sale | 2,148 | 2,142 | - | - |
| | 17,492 | 17,664 | 6,404 | 6,010 |
| Net current liabilities | (8,365) | (7,660) | (5,126) | (4,910) |
| Non-current liabilities | | | | |
| Deferred tax liabilities | 1,109 | 1,104 | - | - |
| Deferred income | 2,091 | 2,085 | - | - |
| Provision for reinstatement cost | 27 | 27 | - | - |
| Lease liability | 101 | 108 | - | - |
| | 3,328 | 3,324 | - | - |
| Total liabilities | 20,820 | 20,988 | 6,404 | 6,010 |
| Net assets | 110 | 858 | 4,274 | 4,490 |
| Equity attributable to owners of the Company | | | | |
| Share capital | 78,283 | 78,283 | 78,283 | 78,283 |
| Reserves | (75,628) | (74,888) | (74,009) | (73,793) |
| | 2,655 | 3,395 | 4,274 | 4,490 |
| Non-controlling interest | (2,545) | (2,537) | - | - |
| Total equity | 110 | 858 | 4,274 | 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 | | | |
|------------------------------------|---------------|-----------|------------------|-----------|
| | 31 March 2022 | | 31 December 2021 | |
| | Secured | Unsecured | Secured | Unsecured |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Amount repayable | | | | |
| In one year or less, or on demand* | 6,229 | - | 6,211 | - |
| After one year | - | - | - | - |
| | 6,229 | - | 6,211 | - |

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

Details of collaterals

As at 31 March 2022 and 31 December 2021, the Group pledged right-of-use assets (including those assets held for sale) with net book value of RMB19.45 million (approximately \$4.2 million), and certain property, plant and equipment of RMB47.40 million (approximately \$10.18 million) as collaterals for the interest bearing bank loans granted to the Group.

As at 31 March 2022 and 31 December 2021, an amount of RMB1.5 million (approximately \$0.33 million) and 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, respectively.

As at 31 March 2022 and 31 December 2021, the Company has also provided a corporate guarantee for a bank loan of RMB19 million (approximately \$4.1 million)

C. Condensed interim consolidated statement of cash flows

| | Group | |
|--|---------------------|---------|
| | First Quarter Ended | |
| | 31 March | |
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| Cash flows from operating activities : | | |
| Loss before taxation | | |
| - continuing operations | (796) | (727) |
| - discontinued operation - profit | 21 | 50 |
| Loss before taxation, total | (775) | (677) |
| Adjustments for : | | |
| Depreciation and amortisation expenses | 74 | 109 |
| Interest expense (Note (a)) | 102 | 128 |
| Interest income | (2) | - |
| Unrealised exchange gain/(loss) | 32 | (54) |
| Operating loss before working capital changes | (569) | (494) |
| Decrease in stocks | 109 | 134 |
| Increase in receivables | (60) | (243) |
| Increase/(decrease) in payables | (222) | 374 |
| Cash used in operations | (742) | (229) |
| Interest received | 2 | - |
| Tax paid | - | (11) |
| Net cash flows used in operating activities | (740) | (240) |
| Cash flows from investing activities : | | |
| Net cash flows used in investing activities | - | - |
| Cash flows from financing activities : | | |
| Repayment of bank loan | (2,129) | (1,987) |
| Proceeds from bank loan | 2,129 | 1,987 |
| Net increased in pledged deposits (Note (a)) | (39) | (39) |
| Payments of lease liability | (6) | (6) |
| Loan from a director | - | 300 |
| Interest paid (Note (a)) | (102) | (108) |
| Net cash flows generated from/(used in) financing activities | (147) | 147 |
| Net decrease in cash and bank balances | (887) | (93) |
| Cash and bank balances at beginning of period | 2,297 | 331 |
| Cash and bank balances at end of period | 1,410 | 238 |

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 31 March | |
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| Cash and bank balances | 2,030 | 788 |
| Less : pledged deposits for bank loans (Note (a)) | (392) | (338) |
| Less : restricted use of mining deposits (Note (b)) | (228) | (212) |
| Cash and bank balances at end of period | 1,410 | 238 |

Note (a): Included in the interest expense in three months ended 31 March 2022 (“1Q2022”) and 31 March 2021 (“1Q2021”) were amounts of \$100,000 and \$105,000, 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 loss for the period | - | - | (767) | 27 | - | (740) | (8) | (748) |
| Balance at 31 March 2022 | 78,283 | 850 | (79,866) | 1,838 | 1,550 | (75,628) | (2,545) | 110 |
| 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 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 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 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.

| 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 |
| 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 three months ended 31 March 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 will 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 three months ended 31 March 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 3.1.

Going concern

The Group incurred a net loss after tax of \$0.78 million in 1Q2022 (1Q2021: \$0.68 million) and net cash used in operating activities of \$0.74 million in 1Q2022 (1Q2021: \$0.24 million), respectively. As at 31 March 2022, the Group’s current liabilities exceeded its current assets by \$8.37 million (31 December 2021: \$7.66 million), The Company has accumulated losses of \$74.01 million (31 December 2021: \$73.79 million) and has a net current liability of \$5.13 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 (inter alia internal estimates of the value of P4 plant as well as forward numbers) 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 the date of the balance sheet, RMB 20.48 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. The Board is not aware of any information which may suggest that the transaction will not complete.

(c) The Group has received offers for the sale, lease or a joint venture of its P4 plant and is evaluating these proposals. The current high prices for the 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 expect 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 to in order to ensure that the Group will be able to operate as a going concern.

(f)The Company is exploring potential placement of new shares.

As a result, 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.

3.1. 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.

3.2. 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:

Assets and liability of disposal group

As disclosed in the annual report for the year ended 31 December 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".

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.

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

Determination of operating segments

Management will first identify the Chief Operating Decision Maker ("CODM"). Then it should identify their business activities (which may not necessarily earn revenue or incur expenses). Management will further determine whether discrete financial information is available for the business activities and whether that information is regularly reviewed by the CODM. Judgement is applied by management of the aggregation criteria to operating segments.

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 31 March 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 (“IRIL”) and, if the IRIL 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 IRIL 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).

4. Seasonal operations

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

5. 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.

5.1 Geographical information

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

| | Group | | | |
|----------------------------|-------------------------------|---------------------------------|-------------------------------|---------------------------------|
| | 3 Months Ended 31 March | As at 31 March | 3 Months Ended 31 March | As at 31 December |
| | 2022 | | 2021 | |
| | Revenue \$'000 | Non-current assets \$'000 | Revenue \$'000 | Non-current assets \$'000 |
| People's Republic of China | - | 11,754 | 24 | 11,790 |
| India | 440 | - | 332 | - |
| Ireland | 125 | - | 55 | - |
| Malaysia | 69 | - | - | - |
| Singapore | - | 49 | - | 52 |
| Others | 98 | - | 18 | - |
| | 732 | 11,803 | 429 | 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.

5.2 Information about major customers

| | Group | | | |
|----------------|-------------------------|--------------|-------------------------|--------------|
| | 3 Months Ended 31 March | | 3 Months Ended 31 March | |
| | 2022 | | 2021 | |
| | \$'000 | % of revenue | \$'000 | % of revenue |
| <u>Revenue</u> | | | | |
| Customer A | 440 | 60% | 332 | 77% |
| Customer B | 125 | 17% | 55 | 13% |
| Customer C | 69 | 9% | - | - |

5.3 Information about products

Revenue information based on products is as follows:

| | Group | |
|------------------------------------|-------------------------|--------|
| | 3 Months Ended 31 March | |
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| STMP | 607 | 350 |
| SHMP | - | 24 |
| Commodity product | 125 | 55 |
| Revenue from continuing operations | 732 | 429 |

6. 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 | |
|---|-----------|-------------|-------------|-------------|
| | 31 March | 31 December | 31 March | 31 December |
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| <u>Financial assets at amortised cost</u> | | | | |
| Other receivables# | 216 | 142 | 130 | 117 |
| Trade receivables | 55 | 1 | - | - |
| Amounts due from subsidiaries | - | - | 980 | 517 |
| Cash and bank balances | 2,030 | 2,876 | 115 | 413 |
| | 2,301 | 3,019 | 1,225 | 1,047 |
| <u>Financial liabilities at amortised cost</u> | | | | |
| Trade and other payables ^ | 3,611 | 3,669 | 358 | 798 |
| Interest-bearing bank loans * | 4,081 | 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 | 126 | 133 | - | - |
| Amounts due to subsidiaries | - | - | 3,839 | 3,005 |
| | 10,066 | 10,119 | 6,404 | 6,010 |
| # Exclude prepayments | | | | |
| ^ Exclude advance payment from proposed assets disposal | | | | |
| * Exclude liabilities of non-current assets classified as held for sale | | | | |
| Other receivables and prepayments# | 504 | 498 | 183 | 170 |
| Less: Prepayment | (288) | (356) | (53) | (53) |
| | 216 | 142 | 130 | 117 |

7. Taxation

There was no tax for the period as the Group was loss making.

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.

8. 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 assets of disposal group | (3,119) | - | (3,119) |
| Currency realignment | 262 | - | 262 |
| At 31 December 2021 | 1,852 | 381 | 2,233 |
| Additions | - | - | - |
| Disposal | - | - | - |
| Currency realignment | 6 | - | 6 |
| At 31 March 2021 | 1,858 | 381 | 2,239 |
| Accumulated depreciation and impairment losses | | | |
| At 1 January 2021 | 669 | 381 | 1,050 |
| Depreciation expense | 96 | - | 96 |
| Transfer to assets of disposal group | (435) | - | (435) |
| Currency realignment | 41 | - | 41 |
| At 31 December 2021 | 371 | 381 | 752 |
| Depreciation expense | (9) | - | (9) |
| Disposal | - | - | - |
| Currency realignment | 19 | - | 19 |
| At 31 March 2021 | 381 | 381 | 762 |
| Net carrying amount | | | |
| At 31 March 2022 | 1,477 | - | 1,477 |
| 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.

9. Property, plant and equipment

During the three months ended 31 March 2022 and 2021, the Group did not acquire nor dispose of any asset.

10. 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 looks 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.

On 29 November 2021, the Company's subsidiary, Sichuan Mianzhu Norwest Phosphate 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 31 December 2021, 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.

11. Interest-bearing bank loans

| | Group | | | |
|------------------------------------|-------------------|---------------------|-------------------|---------------------|
| | 31 March 2022 | | 31 December 2021 | |
| | Secured \$'000 | Unsecured \$'000 | Secured \$'000 | Unsecured \$'000 |
| Amount repayable | | | | |
| In one year or less, or on demand* | 6,229 | - | 6,211 | - |
| After one year | - | - | - | - |
| | 6,229 | - | 6,211 | - |

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

12. Share capital

| | The Group and the Company | | | |
|--|---------------------------|--------|---------------------|--------|
| | 31 March 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 |

13. Related Parties Transactions

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

14. Reclassification of Current Period Condensed Financial Statement

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

15. Events Occurring After the Reporting Period

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

F. Other information required by Appendix 7C of the Catalyst 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 31 March 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 31 March 2021 and 31 March 2022.

As at 31 March 2021 and 31 March 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 | |
|---|---------------|------------------|
| | 31 March 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
Update:
The Board has taken into consideration the Group’s plans as disclosed in page 12 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
Update:
Significant uncertainties continue to as the arbitration is ongoing.
- iii) Recoverable amount of property, plant and equipment and right-of-use assets (“ROU”)
Update:
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 1Q2022.

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
Update:
As at 31 March 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 | |
|--|---------------------------------|---------------|
| | First Quarter Ended 31 March | |
| | 2022 | 2021 |
| Profit/(loss) attributable to owners of the Company used in the computation of diluted earnings per share (\$'000) | | |
| - from continuing operations | (796) | (727) |
| - from discontinued operation | 21 | 50 |
| | <u>(775)</u> | <u>(677)</u> |
| Weighted average number of ordinary shares for basic earnings per share ('000) | 1,031,525 | 1,031,525 |
| Basic earning/(loss) per share (cents) | | |
| - from continuing operations | (0.08) | (0.07) |
| - from discontinued operation | 0.01 | 0.01 |
| | <u>(0.07)</u> | <u>(0.06)</u> |

As at 31 March 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 | |
| | 31 March 2022 | 31 December 2021 | 31 March 2022 | 31 December 2021 |
| Net asset value (\$'000) | 110 | 858 | 4,274 | 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) | 0.01 | 0.08 | 0.41 | 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 \$0.30 million, from \$0.43 million in 1Q2021 to \$0.73 million in 1Q2022, mainly due to higher average selling price in 1Q2022 as compared to 1Q2021. The revenue was mainly derived from the sales of STMP.

The Cost of goods sold increased by \$0.26 million, from \$0.38 million in 1Q2021 to \$0.64 million in 1Q2022, in line with the higher sales.

Gross profit increased from \$0.05 million in 1Q2021 to \$0.09 million in 1Q2022 while its gross profit margin remains stable at 12%.

Other income

Other income increased to \$0.05 million in 1Q2022 contributed mainly from accrued interest income arising from the outstanding proceeds of the proposed disposal of phase 2 plant.

Selling and distribution costs

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

General and administrative costs

General and administrative costs increased by \$0.16 million, from \$0.64 million in 1Q2021 to \$0.80 million in 1Q2022, mainly due to an increase in legal fees and professional fees incurred in connection with the arbitration with the Chinese Government.

Finance costs

Finance costs decreased by \$0.03 million, from \$0.13 million in 1Q2021 to \$0.10 million in 1Q2022, mainly due to no accrual of interest on loans from the director and controlling shareholder for the working capital of the company as the interest accrual is pending approval from the shareholders at an EGM to be convened.

Discontinued operation

This is due to lower income from rental of sodium tripolyphosphate (STPP) Phase 2 plant in view of entry into agreement for the sale of the plant in November 2021.

Balance sheet

Non-current assets

Non-current assets decreased by \$0.04 million, from \$11.84 million as at 31 December 2021 to \$11.80 million as at 31 March 2022, mainly due to depreciation and amortisation of right-of-use asset and property, plant and equipment.

Current assets

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

Trade receivables increased to \$0.06 million in 31 March 2022 aligned with the sales being made in the first quarter 2022.

Cash and bank balances decreased by \$0.85 million, from \$2.88 million as at 31 December 2021 to \$2.03 million as at 31 March 2022, mainly due to payment of operation expenses of the Group.

Current liabilities

Current liabilities decreased by \$0.17 million, from \$17.66 million as at 31 December 2021 to \$17.49 million as at 31 March 2022, mainly due to decrease in the contract liabilities.

Contract liabilities decreased by \$0.13 million, from \$0.27 million as at 31 December 2021 to \$0.14 million as at 31 March 2022, mainly due to lower advance payments from the customers.

As at 31 March 2022, the Group's current liabilities exceeded its current assets by \$8.37 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 1Q2022

Operating loss before working capital changes was \$0.57 million in 1Q2022, mainly due to legal and professional fee incurred relating to arbitration. Net cash flow used in operating activities were \$0.74 million, mainly due to payment for legal and professional fees.

Cash flows used in financing activities was \$0.15 million in 1Q2022, mainly due to payment of interest.

As a result of the above, there was a net decrease in cash and cash equivalents of \$0.89 million in 1Q2022.

Cash flow statement for 1Q2021

Operating loss before working capital changes was \$0.49 million in 1Q2021. Net cash flows used in operating activities was \$0.23 million in 1Q2021, mainly due to an increase in receivables and partially mitigated by an increase in payables and a decrease in stocks.

Cash flows generated from financing activities was \$0.15 million in 1Q2021, mainly due to loan from a director partially off-set by interest on the bank loan of \$0.11 million.

As a result of the above, there was a net decrease in cash and cash equivalents of \$0.09 million in 1Q2021.

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

Not applicable.

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 Lianyungang Zexin Food Ingredients Co Ltd.

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 P₄ facilities which have been forced to stop production by the authorities. The P₄ market is a seller's market currently with the market prices of P₄ in the region of RMB39,000 per ton. Conditions are favourable for the Group to try to secure a sale of the Phase 1 plant. The Group has received offers for the sale, lease or a joint venture of its P4 plant and is evaluating these proposals. 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 1Q2022 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 31 March 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 <u>Rule 920</u>) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to <u>Rule 920</u> (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 1Q2022 as the interest accrual is pending approval from the shareholders at an EGM to be convened.

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 1Q2022 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

11 May 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. Liao H.K., at 160 Robinson Road, #21-05 SBF Center, Singapore 068914, Telephone number: 6221 0271