



## ASIAPHOS LIMITED

Company Registration Number: 201200335G

---

### UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

---

#### Background of the Company

AsiaPhos Limited (the “**Company**”), and together with its subsidiaries, (the “**Group**”) was listed on the Catalist Board (the “**Catalist**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 7 October 2013.

As disclosed in the Group’s announcements dated 24 November 2017, 30 November 2017, 4 December 2017, 9 February 2018, 10 April 2018, 22 June 2018, 29 August 2018, 31 August 2018, 15 November 2018, 20 December 2018, 8 May 2019, and 10 January 2020, the Group is currently in discussion 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 site in respect of Mine 2, the non-renewal of the Mine 1 mining and exploration licenses and the non-renewal of the Fengtai Mine exploration license.

Accordingly, the assets and directly associated liability of the mining assets were presented as assets of disposal group and liability directly associated with disposal group on the Group’s consolidated balance sheet. Arising thereon, the results of the Group’s upstream segment have been presented as discontinued operation on the Group’s consolidated statement of comprehensive income statement.



**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENT OF RESULTS FOR FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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

	Group					
	Fourth Quarter Ended 31 December			Financial Year Ended 31 December		
	2020	2019	Change	2020	2019	Change
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Continuing operations</b>						
Revenue	300	411	(27)	846	1,019	(17)
Cost of sales	(273)	(327)	(17)	(757)	(806)	(6)
Gross profit	27	84	(68)	89	213	(58)
Other income	323	239	35	740	514	44
Selling and distribution costs	(25)	(37)	(32)	(72)	(181)	(60)
General and administrative costs	(1,479)	(636)	133	(3,153)	(2,872)	10
Finance costs	(127)	(116)	9	(485)	(474)	2
Other expense	(386)	(1,728)	(100)	(386)	(1,728)	(100)
<b>Loss before tax, from continuing operations</b>	<b>(1,667)</b>	<b>(2,194)</b>	<b>(24)</b>	<b>(3,267)</b>	<b>(4,528)</b>	<b>(28)</b>
Taxation	(122)	(68)	-	(122)	(29)	(100)
<b>Loss from continuing operations, net of tax</b>	<b>(1,789)</b>	<b>(2,262)</b>	<b>(21)</b>	<b>(3,389)</b>	<b>(4,557)</b>	<b>(26)</b>
<b>Discontinued operation</b>						
<b>Profit from discontinued operation, net of tax</b>	<b>3</b>	<b>231</b>	<b>(99)</b>	<b>624</b>	<b>168</b>	<b>271</b>
<b>Loss for the period</b>	<b>(1,786)</b>	<b>(2,031)</b>	<b>(12)</b>	<b>(2,765)</b>	<b>(4,389)</b>	<b>(37)</b>
<b>Other comprehensive income</b>						
<u>Items that may be recycled to profit or loss</u>						
Foreign currency translation gain/(loss)	977	(175)	N.M.	1,316	(948)	N.M.
<b>Total comprehensive income for the period</b>	<b>(809)</b>	<b>(2,206)</b>	<b>(63)</b>	<b>(1,449)</b>	<b>(5,337)</b>	<b>(73)</b>
<b>Net profit/(loss) for the period attributable to:</b>						
<u>Owners of the Company</u>						
Loss from continuing operations, net of tax	(1,789)	(2,262)	(21)	(3,389)	(4,557)	(26)
Profit from discontinued operation, net of tax	3	231	(99)	624	168	271
	(1,786)	(2,031)	(12)	(2,765)	(4,389)	(37)
<u>Non-controlling interest</u>						
Profit/(loss) from continuing operations, net of tax	-	-	-	-	-	-
Profit/(loss) from discontinued operation, net of tax	-	-	-	-	-	-
Loss for the period	(1,786)	(2,031)	(12)	(2,765)	(4,389)	(37)
<b>Total comprehensive income for the period attributable to:</b>						
Owners of the Company	(809)	(2,206)	(63)	(1,449)	(5,337)	(73)
Non-controlling interest	-	-	-	-	-	-
	(809)	(2,206)	(63)	(1,449)	(5,337)	(73)
<b>Attributable to owners of the Company</b>						
Total comprehensive income for the period from continuing operations	(812)	(2,437)	(67)	(2,073)	(5,505)	(62)
Total comprehensive income for the period from discontinued operation	3	231	(99)	624	168	271
	(809)	(2,206)	(63)	(1,449)	(5,337)	(73)



“N.M.” denotes not meaningful.

“##” denotes amounts less than \$1,000.

Foreign currency translation gain/(loss) represents exchange differences arising from 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 fourth quarter ended 31 December 2020 (“**4Q2019**”), the Group recorded translation gain of \$0.98 million due to strengthening of RMB against SGD.



**1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:**

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

	Group					
	Fourth Quarter Ended 31 December			Financial Year Ended 31 December		
	2020	2019	Change	2020	2019	Change
\$'000	\$'000	%	\$'000	\$'000	%	
Interest income	1	5	(80)	3	12	(75)
Interest income on late payment by customer	-	-	-	105	-	100
Government grants	19	-	100	71	-	100
Interest expenses	(115)	(124)	(7)	(443)	(456)	(3)
Interest on loan from director	(16)	-	100	(42)	-	100
- discontinued operation	-	-	-	-	-	-
Amortisation and depreciation						
- continuing operations #	(118)	(184)	(36)	(691)	(644)	7
- discontinued operation	-	-	-	-	-	-
Provision for doubtful debts (made)/written back						
- continuing operations *	-	(3)	(100)	-	(2)	(100)
- discontinued operation	3	267	(99)	624	338	85
Inventories written down to realisable value	-	(72)	(100)	-	(72)	(100)
Stock take gain						
- continuing operations *	-	(96)	(100)	-	2	(100)
- discontinued operation	-	-	-	-	-	-
Provision made for impairment on property, plant and equipment and right-of-use asset	(182)	(1,564)	(88)	(182)	(1,564)	(88)
Staff termination costs						
- continuing operations *	-	-	-	-	(321)	(100)
- discontinued operation	-	-	-	-	-	0
Gain on disposal of property, plant and equipment	29	4	625	37	49	(24)
Loss on deregistration of a subsidiary	-	-	-	-	##	(100)
Foreign exchange gain/(loss) *	(941)	54	N.M.	(467)	238	N.M.
Under provision of prior years' taxation	-	(45)	(100)	-	(45)	(100)

"N.M." denotes not meaningful.

"\*\*" Included in general and administrative costs

"#" Included in selling and distribution costs and general and administrative costs

"###" denotes amounts less than \$1,000. The Group deregistered a dormant wholly-owned subsidiary, Deyang Xin Zhong Lian He Technical Consulting Co., Ltd, and had to recognise a loss of less than \$1,000.



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

	Group		Company	
	As at		As at	
	31 Dec 2020 \$'000	31 Dec 2019 \$'000	31 Dec 2020 \$'000	31 Dec 2019 \$'000
<b>Non-current assets</b>				
Right-of-use asset	4,040	4,519	-	-
Property, plant and equipment	13,728	13,501	-	-
Prepayments	167	159	-	-
Other receivables	9	34	-	-
Investment in subsidiary	-	-	45,449	45,449
	<b>17,944</b>	<b>18,213</b>	<b>45,449</b>	<b>45,449</b>
<b>Current assets</b>				
Stocks	233	80	-	-
Trade receivables	23	40	-	-
Other receivables and prepayments	382	393	32	40
Cash and bank balances	848	881	31	67
Assets of disposal group	89,775	89,196	-	-
Amounts due from subsidiary	-	-	340	52
	<b>91,261</b>	<b>90,590</b>	<b>403</b>	<b>159</b>
Total assets	<b>109,205</b>	<b>108,803</b>	<b>45,852</b>	<b>45,608</b>
<b>Current liabilities</b>				
Trade payables	54	67	-	-
Other payables	2,902	2,540	356	240
Contract liabilities	339	209	-	-
Interest-bearing bank loans	6,300	6,004	-	-
Loan due to a director	913	200	897	200
Provision for taxation	44	45	-	-
Lease liability	24	66	-	-
Liability of disposal group	807	769	-	-
Amounts due to subsidiary	-	-	3,208	2,696
	<b>11,383</b>	<b>9,900</b>	<b>4,461</b>	<b>3,136</b>
Net current assets/(liabilities)	<b>79,878</b>	<b>80,690</b>	<b>(4,058)</b>	<b>(2,977)</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	17,405	17,245	-	-
Deferred income	1,975	1,882	-	-
Provision for reinstatement cost	27	45	-	-
Lease liability	133	-	-	-
	<b>19,540</b>	<b>19,172</b>	<b>-</b>	<b>-</b>
Total liabilities	<b>30,923</b>	<b>29,072</b>	<b>4,461</b>	<b>3,136</b>
<b>Net assets</b>	<b>78,282</b>	<b>79,731</b>	<b>41,391</b>	<b>42,472</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	78,283	78,283	78,283	78,283
Reserves	(9,464)	(8,015)	(36,892)	(35,811)
	<b>68,819</b>	<b>70,268</b>	<b>41,391</b>	<b>42,472</b>
Non-controlling interest	9,463	9,463	-	-
<b>Total equity</b>	<b>78,282</b>	<b>79,731</b>	<b>41,391</b>	<b>42,472</b>

(1)(b)(ii) 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 Dec 2020		31 Dec 2019	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable				
In one year or less, or on demand	6,300	-	6,004	-
After one year	-	-	-	-
	6,300	-	6,004	-

#### Details of collaterals

As at 31 December 2020, the Group pledged certain right-of-use asset and certain property, plant and equipment of the Group, with net book value of RMB19.9 million (approximately \$4.1 million) and RMB95.5 million (approximately \$19.5 million) respectively, as collaterals. At 31 December 2020, an amount of RMB1.5 million (approximately \$0.3 million) included in the cash and bank balances can only be used for payment of interest on a bank loan.

As at 31 December 2020, the Company has also provided a corporate guarantee for a bank loan of RMB21.1 million (approximately \$4.3 million).

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

	Group			
	Fourth Quarter Ended		Financial Year Ended	
	31 December		31 December	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities :</b>				
Loss before taxation				
- continuing operations	(1,667)	(2,194)	(3,267)	(4,528)
- discontinued operation	3	231	624	168
Loss before taxation, total	(1,664)	(1,963)	(2,643)	(4,360)
Adjustments for :				
Depreciation and amortisation expenses	125	184	698	644
Gain on disposal of property, plant and equipment	(29)	(4)	(37)	(49)
Interest expense (Note (a))	131	124	485	456
Interest income	-	(5)	(107)	(12)
Unrealised exchange loss/(gain)	769	(56)	358	(251)
Provision for doubtful debts	-	-	-	-
Adjustments to stocks	-	72	-	72
Provision for doubtful debts	-	(264)	##	(336)
Provision made for impairment on property, plant and equipment and right-of-use asset	182	1,564	182	1,564
Loss on deregistration of a subsidiary	-			##
Operating loss before working capital changes	(486)	(348)	(1,064)	(2,272)
(Increase)/decrease in stocks	(82)	217	(148)	282
Decrease in receivables	385	576	195	781
Increase/(decrease) in payables	(61)	10	206	(145)
Cash generated from/(used in) operations	(244)	455	(811)	(1,354)
Interest received	1	5	108	12
Interest paid (Note (a))	(115)	(117)	(443)	(449)
Tax received/(paid)	-	3	-	-
Net cash flows generated from/(used in) operating activities	(358)	346	(1,146)	(1,791)
<b>Cash flows from investing activities :</b>				
Payments for property, plant and equipment	(41)	-	(41)	-
Receipt of government grant	-	-	-	-
Proceeds from sale of financial asset held for	-	-	-	-
Proceeds from disposal of property, plant and	535	3	543	65
Proceeds from refund of mining deposits	-	-	-	205
Increase in restricted deposits (Note (b))	-	(3)	-	(208)
Net cash flows generated by investing activities	494	-	502	62
<b>Cash flows from financing activities :</b>				
Repayment of bank loan	(4,213)	(4,227)	(6,200)	(6,240)
Proceeds from bank loan	4,211	4,128	6,198	6,141
(Increase)/decrease in pledged deposits (Note (a))	(229)	(217)	(7)	11
Payments of lease liability	(6)	(32)	(72)	(124)
Loan from a director	100	-	650	200
Net cash flows generated from/(used in) financing activities	(137)	(348)	569	(12)
Net decrease in cash and cash equivalents	(1)	(2)	(75)	(1,741)
Cash and cash equivalents at beginning of the period	329	406	396	2,153
Effects of exchange rate changes on cash and cash equivalents	2	(8)	9	(16)
Cash and cash equivalents at end of the period	330	396	330	396

“###” denotes amounts less than \$1,000. The Group deregistered a dormant wholly-owned subsidiary, Deyang Xin Zhong Lian He Technical Consulting Co., Ltd, and had to recognise a loss of less than \$1,000.

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

	<b>Group</b>	
	<b>As at 31 Dec</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and bank balances	848	881
Less: bank overdraft (secured)	-	-
Less : pledged deposits for bank loans (Note (a))	(303)	(281)
Less : restricted use of mining deposits (Note (b))	(215)	(204)
Cash and cash equivalents at end of period	<u>330</u>	<u>396</u>

Note (a): Included in the interest expense in 4Q2020 and financial year ended 31 December 2020 (“FY2020”) was an amount of \$78,000 and \$307,000, respectively, paid via deduction from a specific bank account. The amount in the specific bank account can only be used for payment of interest on a bank loan.

Note (b): During 3Q2019, 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.





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

<b>Group</b>	<b>Share capital \$'000</b>	<b>Merger reserve \$'000</b>	<b>Retained earnings \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Safety fund surplus reserve \$'000</b>	<b>Total reserves \$'000</b>	<b>Non-controlling interest \$'000</b>	<b>Total equity \$'000</b>
<b>2020</b>								
Balance at 1 January 2020	78,283	850	(10,086)	(329)	1,550	(8,015)	9,463	79,731
Total comprehensive income for the period	-	-	(444)	1,089	-	645	-	645
Balance at 31 March 2020	78,283	850	(10,530)	760	1,550	(7,370)	9,463	80,376
Total comprehensive income for the period	-	-	(535)	(685)	-	(1,220)	-	(1,220)
Balance at 30 June 2020	78,283	850	(11,065)	75	1,550	(8,590)	9,463	79,156
Total comprehensive income for the period	-	-	-	(65)	-	(65)	-	(65)
Balance at 30 September 2020	78,283	850	(11,065)	10	1,550	(8,655)	9,463	79,091
Total comprehensive income for the period	-	-	(1,786)	977	-	(809)	-	(809)
Balance at 31 December 2020	78,283	850	(12,851)	987	1,550	(9,464)	9,463	78,282
<b>2019</b>								
Balance at 1 January 2019	78,283	850	(5,687)	619	1,550	(2,668)	9,463	85,078
Impact on adoption of SFRS(I) 16	-	-	(10)	-	-	(10)	-	(10)
Balance at 1 January 2019, restated	78,283	850	(5,697)	619	1,550	(2,678)	9,463	85,068
Total comprehensive income for the period	-	-	(1,115)	255	-	(860)	-	(860)
Balance at 31 March 2019	78,283	850	(6,812)	874	1,550	(3,538)	9,463	84,208
Total comprehensive income for the period	-	-	(953)	(704)	-	(1,657)	-	(1,657)
Balance at 30 June 2019	78,283	850	(7,765)	170	1,550	(5,195)	9,463	82,551
Total comprehensive income for the period	-	-	(290)	(324)	-	(614)	-	(614)
Balance at 30 September 2019	78,283	850	(8,055)	(154)	1,550	(5,809)	9,463	81,937
Total comprehensive income for the period	-	-	(2,031)	(175)	-	(2,206)	-	(2,206)
Balance at 31 December 2019	78,283	850	(10,086)	(329)	1,550	(8,015)	9,463	79,731



<b>Company</b>	<b>Share capital \$'000</b>	<b>Retained earnings \$'000</b>	<b>Total reserves \$'000</b>	<b>Total equity \$'000</b>
<b>2020</b>				
Balance at 1 January 2020	78,283	(35,811)	(35,811)	42,472
Total comprehensive income for the period	-	(157)	(157)	(157)
Balance at 31 March 2020	78,283	(35,968)	(35,968)	42,315
Total comprehensive income for the period	-	(241)	(241)	(241)
Balance at 30 June 2020	78,283	(36,209)	(36,209)	42,074
Total comprehensive income for the period	-	(342)	(342)	(342)
Balance at 30 September 2020	78,283	(36,551)	(36,551)	41,732
Total comprehensive income for the period	-	(341)	(341)	(341)
Balance at 31 December 2020	78,283	(36,892)	(36,892)	41,391
<b>2019</b>				
Balance at 1 January 2019	78,283	3,352	3,352	81,635
Total comprehensive income for the period	-	(369)	(369)	(369)
Balance at 31 March 2019	78,283	2,983	2,983	81,266
Total comprehensive income for the period	-	(357)	(357)	(357)
Balance at 30 June 2019	78,283	2,626	2,626	80,909
Total comprehensive income for the period	-	(157)	(157)	(157)
Balance at 30 September 2019	78,283	2,469	2,469	80,752
Total comprehensive income for the period	-	(38,280)	(38,280)	(38,280)
Balance at 31 December 2019	78,283	(35,811)	(35,811)	42,472

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

As at 31 December 2019 and 31 December 2020, the number of issued ordinary shares of the Company (“Shares”) (excluding treasury shares) was 1,031,524,685.

As at 31 December 2019, the Company had 95,124,065 outstanding warrants, exercisable into 95,124,065 new Shares, representing approximately 9.22% of the total number of Shares (excluding treasury shares).

There were no outstanding warrants as at 31 December 2020. The 95,124,065 warrants, exercisable into 95,124,065 new Shares, expired on 23 March 2020.



As at 31 December 2019 and 31 December 2020, the Company did not hold any treasury shares and there were no subsidiary holdings.

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

	As at	
	31 December 2020	31 December 2019
Total number of issued shares (excluding treasury shares)	1,031,524,685	1,031,524,685

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

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

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

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 2019, 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) Assets and liability of disposal group and discontinued operation

Update:

As the Chinese Government has yet to finalise the compensation for the Mining Assets and negotiations are still ongoing, significant uncertainty continues to exist in the appropriateness of the discontinued operation in the statement of comprehensive income and the carrying values of the assets and liability of disposal group in the balance sheet as at 31 December 2020. On 7 August 2020, the Group's lawyers have submitted a Request for Arbitration to the Chinese Government. The Group continues to be open to consider any compensation proposal from the Chinese Government.



- ii) Impairment of investment in subsidiaries and amounts due from subsidiaries  
Update:  
Significant uncertainties continue to exist with respect to the outcome of the settlement negotiations with the Chinese Government. The recoverable amounts of the investment in and amounts due from subsidiaries are dependent on the outcome of the settlement negotiations. On 7 August 2020, the Group's lawyers have submitted a Request for Arbitration to the Chinese Government. The Group continues to be open to consider any compensation proposal from the Chinese Government.
- iii) Recoverable amount of property, plant and equipment  
Update:  
Using independent valuation reports prepared in 2019 by an independent Chinese professional valuer engaged by one of the Group's bankers, the Group recorded additional impairment charge of \$2.18 million on the P<sub>4</sub> plant in FY2019. The Group continues to be open to consider any compensation proposal from the Chinese Government. No additional impairment is recognised in 2020 as the value from the independent valuer is higher than the carrying value of the property, plant and equipment.

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 2019.

**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 2020. 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			
	Fourth Quarter Ended 31 December		Financial Year Ended 31 December	
	2020	2019	2020	2019
Earnings/(loss) attributable to owners of the Company used in the computation of basic earnings per share (\$'000)				
- from continuing operations	(1,789)	(2,262)	(3,389)	(4,557)
- from discontinued operation	3	231	624	168
	(1,786)	(2,031)	(2,765)	(4,389)
Weighted average number of ordinary shares for basic earnings per share ('000)	1,031,525	1,031,525	1,031,525	1,031,525
Basic earnings/(loss) per share (cents)				
- from continuing operations	(0.17)	(0.22)	(0.33)	(0.44)
- from discontinued operation	0.0003	0.02	0.06	0.02
	(0.17)	(0.20)	(0.27)	(0.43)

The dilutive instruments were anti-dilutive as the Group was in loss making position and the warrants expired on 23 March 2020. As at 31 December 2020, 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 As at		Company As at	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	Net asset value (\$'000)	78,282	79,731	41,391
Number of ordinary shares ('000)	1,031,525	1,031,525	1,031,525	1,031,525
Net asset value per ordinary share (cents)	7.59	7.73	4.01	4.12



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 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.

The Group is organised into product units as follows:

- (a) upstream segment relates to the business of exploration, mining and sale of phosphate rocks (the **"Upstream Segment"**). As discussions are in progress with the Chinese Government, the Upstream Segment had been presented as discontinued operation; and
- (b) downstream segment relates to the business of manufacturing, sale and trading of phosphate-based chemicals products such as elemental phosphorus ("**P<sub>4</sub>**"), sodium tripolyphosphate ("**STPP**") and sodium hexametaphosphate ("**SHMP**"); the sale of P<sub>4</sub> by-products, such as slag, sludge and ferrophosphate; and other phosphate chemicals (the **"Downstream Segment"**).

**Profit or loss**

**Revenue, cost of goods sold and gross profit**

Revenue decreased by \$0.11 million, from \$0.41 million in 4Q2019 to \$0.30 million in 4Q2020 as the Group's business was disrupted by the Covid 19 Pandemic. The main contribution to the revenue is from the sales of STMP, SHMP and STPP.

Cost of goods sold decreased by \$0.05 million, from \$0.32 million in 4Q2019 to \$0.27 million in 4Q2020 due to decrease in sales.

Gross profit margin decreased by 11.43%, from 20.43% in 4Q2019 to 9.0% in 4Q2020.

Gross profit decreased by \$0.06 million from \$0.08 million in 4Q2019 to \$0.02 million in 4Q2020 mainly due to different mix of products sold in the two periods and the Group's business was disrupted by the Covid 19 Pandemic.

**Other income**

Other income increased by \$0.08 million, from \$0.24 million in 4Q2019 to \$0.32 million in 4Q2020. In 4Q2020, the Group received grant amounting to \$0.02 million from the Singapore Government for the Job Support Scheme. In addition, other income in 4Q2020 includes the contribution from the rental of the STPP plant.



### Selling and distribution costs

Selling and distribution costs decreased by \$0.02 million, from \$0.04 million in 4Q2019 to \$0.02 million in 4Q2020 in line with the lower activity level.

### General and administrative costs

General and administrative costs increased by \$0.84 million, from \$0.64 million in 4Q2019 to \$1.48 million in 4Q2020, mainly due to increase in operation expenses, including professional fees.

### Other expense

Other expense decreased by \$1.33 million, from \$1.72 million in 4Q2019 to \$0.39 million in 4Q2020, mainly due to allowance for impairment made for ROU was \$182k in 4Q2020 substantially lower compared to allowance for impairment made for P4 plant was \$2.18 million in 4Q2019 which was offset partially by a write back of allowance for impairment for STPP plant and equipment of \$0.61 million in 4Q2019.

As a result of the above, the Group recorded a loss after tax of \$1.79 million in 4Q2020, as compared to a loss after tax of \$2.04 million in 4Q2019.

## **Balance sheet**

### Non-current assets

Non-current assets decreased by \$0.27 million, from \$18.21 million as at 31 December 2019 to \$17.94 million as at 31 December 2020 mainly due to disposal of land use right.

### Current assets

Current assets increased by \$0.67 million, from \$90.59 million as at 31 December 2019 to \$91.26 million as at 31 December 2020 mainly due to increases in stocks and assets of disposal group. Reduction in cash and bank balances was due to payments made in FY2020.

Increased in stocks mainly due to meet the sales delivery commitment in January 2021.

In 3Q2019, the PRC government returned deposits in respect of the Group's rehabilitation obligations for its mines. These deposits were previously included in "assets of disposal group". The PRC government 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. Accordingly, as at 31 December 2020, the amounts were included in cash and bank balances on the balance sheet.



### Current liabilities

Current liabilities increased by \$1.48 million, from \$9.90 million as at 31 December 2019 to \$11.38 million as at 31 December 2020, mainly due to increase in other payables, loan due to a director and strengthening of RMB against SGD.

Other payables increased by \$0.35 million, from \$2.54 million as at 31 December 2019 to \$2.90 million as at 31 December 2020, in line with the higher level of general and administrative expenses.

Contract liabilities increased by \$0.13 million, from \$0.21 million as at 31 December 2019 to \$0.34 million as at 31 December 2020, mainly due to advance payment received from customers and goods delivered in the following month.

### Non-current liabilities

Non-current liabilities increased by \$0.37 million, from \$19.17 million as at 31 December 2019 to \$19.54 million as at 31 December 2020 mainly due to increase in deferred tax liabilities and deferred income resulting from the strengthening of RMB against SGD.

### Cash flow statement

Operating loss before working capital changes was \$0.48 million in 4Q2020. Net cash flows used in operating activities was \$0.36 million in 4Q2020, mainly due to decrease in receivables and partially mitigated by an increase in stocks and decrease in payables.

Receipt of interest income and payments for interest expense in 4Q2020 amounted to \$0.001 million and \$0.12 million, respectively.

Cash flow generated by investing activities was \$0.49 million in 4Q2020 due to proceeds from the disposal of land use right and property as announced on 4 November 2020 and 20 November 2020.

Cash flows used in financing activities was \$0.14 million in 4Q2020 substantially lower than \$0.35 million in 4Q2019 mainly due to increase in pledged deposit used solely for payment of interest expense and partially mitigated by the loan from a director.

As a result of the above, net decrease in cash and cash equivalents increased by \$0.001 million, from net decrease of \$0.002 million in 4Q2019 to net increase of \$0.001 million in 4Q2020.

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.**

As disclosed in the announcement dated 11 August 2020, the Group has submitted its request for Arbitration to the Chinese Government. As the process for arbitration is now underway, the Group is required to observe confidentiality. However, the Group is mindful of its obligations under the Catalist Listing Rules, and as long as Norwest Chemicals Pte Ltd and its subsidiaries remain part of the Listed Group, the Company will make announcements whenever there are material developments with respect to the arbitration or negotiation with the Chinese Government.

No adjustments have been made to the carrying value of the assets and liabilities of the disposal group as the recoverable amount will be dependent on the finalisation of compensation when either negotiation or arbitration is concluded.

Trading conditions remain challenging. 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.

As announced on 23 September 2020 and 2 October 2020, the Company has entered into a non-binding term sheet with Mining and Minerals Industries Holdings Pte Ltd to acquire the entire share capital of MMJV Pte Ltd that will constitute a reverse take over. As announced on 2 November 2020, the Company and Mining and Minerals Industries Holdings Pte Ltd have on 31 October 2020 entered into an extension letter to extend the Term Sheet Termination Date to 15 November 2020.

As announced on 13 November 2020, the Company and Mining and Minerals Industries Holdings Pte Ltd (the "**Vendor**") have on 12 November 2020 entered into a sale and purchase agreement (the "**SPA**") with the Vendor to acquire the entire issued and paid-up share capital of the Target Company upon the terms and conditions of the SPA.

Management will provide updates as and when there are material developments.

Barring unforeseen circumstances, the directors after taking into consideration the available cash resources, anticipated recoveries, projected extension of bank loans when they fall due and fruition of the business plan which include *inter alia*, the possible sale of land use rights, the sale of downstream phosphate chemicals products, are of the view that the presentation of the financial statements on going concern assumption is appropriate.

As announced on 20 November 2020, the full payment for the proposed disposal was confirmed received from the local government authority of Mianzhu City.



**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 4Q2019 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.

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 above-mentioned 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 and another \$100,000 in November 2020 to the Company. As at 31 December 2020, the loan from Dr. Ong amounted to \$850,000. These loans are for the Company's working capital, are unsecured, repayable on demand and will bear interest at 8% per annum. From August 2019 to December 2020, interest on loans accrued to Dr. Ong amount to S\$48,000. Subsequent to the balance sheet date, Dr. Ong has further advanced \$200,000 to the Company (with the same terms). As at date of this announcement, the loan from Dr. Ong amounted to \$1,050,000. 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.

**14. 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 Catalyst 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 Catalyst Listing Manual in accordance with Rule 720(1) of the Catalyst Listing Manual.

**Part II Additional Information Required for Full Year Announcement**

**15. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

For management purposes, the Group is organised into product units and has two reportable segments as follows:

- a. upstream segment relates to our business of exploration, mining and sale of phosphate rocks (the "**Upstream Segment**"). As discussions are in progress with the Chinese Government, the Upstream Segment had been presented as discontinued operation; and
- b. downstream segment relates to our business of manufacturing, sale and trading of phosphate-based chemicals products such as P<sub>4</sub>, STPP and SHMP; and the sale of by-products, such as slag, sludge and ferrophosphate; and other phosphate chemicals (the "**Downstream Segment**").

No operating segments have been aggregated to form the above reportable operating segments.

The Chief Operating Decision Maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the financial statements. The Chief Operating Decision Maker does not monitor assets and liabilities by segments. The assets and liabilities are managed on a group



basis. However, the information on additions to mine properties, land use rights and property, plant and equipment by operating segments is regularly provided to the Chief Operating Decision Maker.

	Upstream (discontinued)		Downstream		Adjustments and eliminations		Note	Total	
	FY2020 \$'000	FY2019 \$'000	FY2020 \$'000	FY2019 \$'000	FY2020 \$'000	FY2019 \$'000		FY2020 \$'000	FY2019 \$'000
Profit or loss									
Revenue - external	-	2,064	846	1,019	-	-	A, B	846	3,083
Gain/(loss) on disposal of property, plant and equipment	-	-	(37)	24	74	25	C	37	49
Depreciation and amortisation expenses	-	-	(698)	(644)	-	-	C	(698)	(644)
Interest income	-	-	-	-	3	12	C	3	12
Interest expense	-	-	-	-	(443)	(456)	B, C	(443)	(456)
Gains on financial asset held for trading	-	-	-	-	-	-	C	-	-
Termination of services of employees	-	-	-	(77)	-	(244)	B, C	-	(321)
Provision made for impairment on property, plant and equipment	-	-	(182)	(1,564)	-	-	C	(182)	(1,564)
Provision for doubtful debts (made)/written back	624	338	-	(2)	(624)	(338)	B, C	-	(2)
Segment profit/(loss) before tax	624	168	(519)	(1,929)	(3,223)	(2,767)	D	(3,267)	(4,528)
<b>Assets</b>									
Additions to non-current assets	-	-	-	-	-	-	E	-	-

Note Additional information and nature of adjustments and eliminations to arrive at amounts reported

- A There were no inter-segment revenue.
- B The amounts relating to upstream segment has been excluded to arrive at the amounts shown in the profit or loss as they are presented separately in the statement of comprehensive income within one line item, "profit from discontinued operation, net of tax".
- C Adjustments relate to unallocated corporate income and expenses.
- D The following items were added to segment profit/(loss) to arrive at "profit/(loss) before tax before continuing operations" presented in this announcement:

	Group	
	FY2020 \$'000	FY2019 \$'000
Segment results of discontinued operation	(624)	(168)
Exchange gain	(467)	238
Gain/(loss) on disposal of property, plant and equipment	74	25
Interest expense	(443)	(456)
Interest income	3	12
Termination of services of employees	-	(244)
Other corporate expenses	(1,766)	(2,174)
	(3,223)	(2,767)

- E Additions to non-current assets comprised of additions to property, plant and equipment.



### Geographical information

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

	Group			
	FY2020		FY2019	
	Revenue	Non-current assets	Revenue	Non-current assets
	\$'000	\$'000	\$'000	\$'000
People's Republic of China	118	17,993	316	18,077
Singapore	-	222	-	136
India	721	-	386	-
United States of America	-	-	175	-
Others	7	-	142	-
	846	18,215	1,019	18,213
Less discontinued operation	-	-	-	-
	846	18,215	1,019	18,213

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

### Information about major customers

	Group			
	FY2020		FY2019	
	\$'000	% of revenue	\$'000	% of revenue
Revenue				
Customer A <sup>(1)</sup>	721	85%	386	38%
Customer B <sup>(1)</sup>	-	-	175	17%

(1) Downstream segment

### Information about products

Revenue information based on products are as follows:

	Group	
	FY2020	FY2019
	\$'000	\$'000
P <sub>4</sub> and its by-products	-	15
STPP	34	564
SHMP	83	88
STMP	729	352
Revenue from continuing operations	846	1,019
Revenue from discontinued operation	-	-
	846	1,019

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

See paragraph 8.



17. A breakdown of sales as follows:

	Group		Increase/
	FY2020	FY2019	(decrease)
	\$'000	\$'000	%
<b>a) Revenue</b>			
i) from continuing operations			
- first half year	372	284	31
- second half year	474	735	(36)
	846	1,019	(17)
ii) from discontinued operation			
- first half year	-	-	-
- second half year	-	-	-
	-	-	-
Total	846	1,019	(17)
<b>(b) Operating (loss)/profit after tax before deducting minority interests</b>			
i) from continuing operations			
- first half year	(1,303)	(1,916)	(32)
- second half year	(2,086)	(2,641)	(21)
	(3,389)	(4,557)	(26)
ii) from discontinued operation			
- first half year	(152)	(152)	-
- second half year	776	320	143
	624	168	271
Total	(2,765)	(4,389)	(37)

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:—

Not applicable – no dividend was declared in FY2020 and FY2019.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Ong Hian Eng	73	(i) Uncle of Simon Ong, non-executive director; Raymond Ong, former non-executive director and Melissa Ong, Human Resource and Administration Manager.  (ii) Father of Ong Bee Pheng, former non-	(i) Current Position: Chief Executive Officer and Executive Director.  (ii) Duties: Responsible for overseeing the overall development of Group's corporate direction, policies and operations.  (iii) Appointed since 3 January 2012.	Nil

		<p>executive director</p> <p>(ii) Father-in-law of Jaime Chiew Chi Loong, Chief Risk Officer.</p>		
Ong Eng Hock Simon ("Simon Ong")	56	<p>(i) Brother of Raymond Ong, former non-executive director and Melissa Ong, Human Resource and Administration Manager.</p> <p>(ii) Nephew of Ong Hian Eng, CEO and executive director.</p> <p>(iii) Cousin of Ong Bee Pheng, former non-executive director.</p>	<p>(i) Current Position: Non-executive director.</p> <p>(ii) Duties: Non-executive.</p> <p>(iii) Appointed since 1 July 2019.</p>	Re-designated from executive director to non-executive director on 1 July 2019.
Jaime Chiew Chi Loong	44	<p>(i) Spouse of Ong Bee Pheng, a former non-executive director.</p> <p>(ii) Son-in-law of Ong Hian Eng, CEO and executive director.</p>	<p>(i) Current Position: Chief Risk Officer.</p> <p>(ii) Duties: primarily be responsible for overseeing the Group's risk management activities, budgeting process and monitoring of key performance indicators.</p> <p>(iii) Appointed since 2 September 2014.</p>	Nil
Melissa Ong Bee Kuan	45	<p>(i) Sister of Simon Ong, a non-executive director and Raymond Ong, former non-executive director.</p> <p>(ii) Niece of Ong Hian Eng, CEO and executive director.</p> <p>(iii) Cousin of Ong Bee Pheng, former non-executive director.</p>	<p>(i) Current Position: Human Resource and Administration Manager.</p> <p>(ii) Duties: human resource and general administration functions of the Group. As part of the Group's cost saving exercise, Melissa Ong is on no pay leave and only assists in the monthly payroll processing and annual reporting for income taxes</p> <p>(iii) Appointed since 4 March 2016.</p>	Nil

On behalf of the Board,

Dr Ong Hian Eng  
CEO and Executive Director  
23 February 2021

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Asian Corporate Advisors Pte. Ltd., in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("Exchange") Listing Manual Section B: Rules of Catalyst for compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.*

*This announcement has not been examined or approved by 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..  
Telephone number: 6221 0271*

