



ASIAPHOS LIMITED

Company Registration Number: 201200335G

UNAUDITED CONDENSED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

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

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

	Group					
	Third Quarter Ended 30 September			Nine Months Ended 30 September		
	2022 \$'000	2021 \$'000	Change %	2022 \$'000	2021 \$'000	Change %
<u>Continuing operations</u>						
Revenue	543	434	25	1,822	1,029	77
Cost of sales	(460)	(380)	21	(1,570)	(892)	76
Gross profit	83	54	54	252	137	84
Other income	17	39	(56)	26	49	(47)
Selling and distribution costs	(49)	(39)	26	(104)	(62)	68
General and administrative costs	(212)	(1,843)	(88)	(1,227)	(3,352)	(63)
Finance costs	(74)	(119)	(38)	(217)	(328)	(34)
Other expenses	(11)	(8)	38	(19)	(8)	138
Loss before tax, from continuing operations	(246)	(1,916)	(87)	(1,289)	(3,564)	(64)
Taxation	-	-	-	-	(2)	(100)
Loss from continuing operations, net of tax	(246)	(1,916)	(87)	(1,289)	(3,566)	(64)
<u>Discontinued operation</u>						
Profit from discontinued operation, net of tax	30	230	(87)	97	265	(63)
Loss for the period	(216)	(1,686)	(87)	(1,192)	(3,301)	(64)
<u>Other comprehensive income</u>						
Items that may not be recycled to profit or loss	-	-		-	-	
Foreign currency translation gain/(loss)	(119)	128	N.M.	(552)	677	N.M.
Total comprehensive loss for the period	(335)	(1,558)	(78)	(1,744)	(2,624)	(34)
<u>Net profit/(loss) for the period attributable to: Owners of the Company</u>						
- Continuing operations, net of tax	(237)	(1,907)	(88)	(1,265)	(3,540)	(64)
- Discontinued operation, net of tax	30	230	(87)	97	265	(63)
	(207)	(1,677)	(88)	(1,168)	(3,275)	(64)
<u>Non-controlling interest</u>						
- Continuing operations, net of tax	(9)	(9)	-	(24)	(26)	(8)
- Discontinued operation, net of tax	-	-	-	-	-	-
	(9)	(9)	-	(24)	(26)	(8)
Loss for the period	(216)	(1,686)	(87)	(1,192)	(3,301)	(64)
<u>Total comprehensive profit/(loss) for the period attributable to: Owners of the Company</u>						
- Continuing operations, net of tax	(359)	(1,779)	(80)	(1,830)	(2,863)	(36)
- Discontinued operation, net of tax	30	230	(87)	97	265	(63)
	(329)	(1,549)	(79)	(1,733)	(2,598)	(33)
<u>Non-controlling interest</u>						
- Continuing operations, net of tax	(6)	(9)	(33)	(11)	(26)	(58)
- Discontinued operation, net of tax	-	-	-	-	-	-
	(6)	(9)	(33)	(11)	(26)	(58)
Total comprehensive loss for the period	(335)	(1,558)	(78)	(1,744)	(2,624)	(34)

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

	Group			
	Third Quarter Ended 30 September		Nine Months Ended 30 September	
Loss per share	2022	2021	2022	2021
Loss per share for loss for the period attributable to the owner of the Company for the period:				
Basic earning/(loss) per share (cents)				
- from continuing operations	(0.02)	(0.18)	(0.12)	(0.34)
- from discontinued operation	0.00	0.02	0.01	0.02
	(0.02)	(0.16)	(0.11)	(0.32)
Diluted earning/(loss) per share (cents)				
- from continuing operations	(0.02)	(0.18)	(0.12)	(0.34)
- from discontinued operation	0.00	0.02	0.01	0.02
	(0.02)	(0.16)	(0.11)	(0.32)

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

In the third quarter ended 30 September 2022 (“3Q2022”), the Group recorded translation loss of approximately \$0.12 million due to the weakening of RMB against the SGD.

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

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

	Group					
	Third Quarter Ended 30 September			Nine Months Ended 30 September		
	2022 \$'000	2021 \$'000	Change %	2022 \$'000	2021 \$'000	Change %
Interest income	-	1	(100)	2	2	-
Government grants	6	3	100	13	10	30
Interest expenses						
- continuing operations	(71)	(80)	(11)	(210)	(237)	(11)
- discontinued operation	(34)	(35)	(3)	(104)	(102)	2
Interest on loan from a substantial shareholder	-	(9)	(100)	-	(15)	(100)
Interest on loan from director	-	(28)	(100)	-	(72)	(100)
Amortisation and depreciation						
- continuing operations #	(98)	(114)	(14)	(245)	(339)	(28)
(Loss)/gain on disposal of property, plant and equipment	-	(9)	(100)	-	(9)	(100)
Foreign exchange gain/(loss) *	183	(32)	N.M.	691	(206)	N.M.

"N.M." denotes not meaningful.

"*" Included in general and administrative costs.

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

B. Condensed interim statements of financial position

	Group As at		Company As at	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	\$'000	\$'000	\$'000	\$'000
<u>Non-current assets</u>				
Right-of-use asset	1,377	1,481	-	-
Property, plant and equipment	9,563	10,353	-	-
Other receivables	8	8	-	-
Investment in subsidiary	-	-	9,400	9,400
	10,948	11,842	9,400	9,400
<u>Current assets</u>				
Stocks	44	153	-	-
Trade receivables	80	61	72	60
Other receivables and prepayments	871	438	371	110
Amounts due from subsidiary	-	-	917	517
Cash and bank balances	1,145	2,876	297	413
	2,140	3,528	1,657	1,100
Assets of disposal group	-	-	-	-
Non-current assets classified as held for sale	6,135	6,476	-	-
	8,275	10,004	1,657	1,100
Total assets	19,223	21,846	11,057	10,500
<u>Current liabilities</u>				
Trade payables	53	57	-	-
Other payables	7,611	7,998	711	798
Contract liabilities	327	273	-	-
Interest-bearing bank loans	5,884	6,211	-	-
Loan due to a director	1,792	1,792	1,751	1,751
Loan due to a controlling shareholder	456	456	456	456
Lease liability	25	25	-	-
Amounts due to subsidiary	-	-	4,323	3,005
	16,148	16,812	7,241	6,010
Liabilities of disposal group	807	852	-	-
	16,955	17,664	7,241	6,010
Net current liabilities	(8,680)	(7,660)	(5,584)	(4,910)
<u>Non-current liabilities</u>				
Deferred tax liabilities	1,063	1,104	-	-
Deferred income	1,975	2,085	-	-
Provision for reinstatement cost	27	27	-	-
Lease liability	89	108	-	-
	3,154	3,324	-	-
Total liabilities	20,109	20,988	7,241	6,010
Net assets / (Net liabilities)	(886)	858	3,816	4,490
<u>Equity attributable to owners of the Company</u>				
Share capital	78,283	78,283	78,283	78,283
Reserves	(76,621)	(74,888)	(74,467)	(73,793)
	1,662	3,395	3,816	4,490
Non-controlling interest	(2,548)	(2,537)	-	-
Total equity	(886)	858	3,816	4,490

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

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

	Group			
	30 September 2022		31 December 2021	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable				
In one year or less, or on demand	5,884	-	6,211	-
After one year	-	-	-	-
	5,884	-	6,211	-

Details of collaterals

As at 30 September 2022, the Group's right-of-use assets (including those assets held for sale) with net book value of RMB19.32 million (approximately \$3.92 million) [31 December 2021: RMB19.45 million (approximately \$4.16 million)], and certain property, plant and equipment of RMB47.40 million (approximately \$9.62 million) [31 December 2021: RMB47.40 million (approximately \$10.15 million)] are pledged as collaterals for the interest bearing bank loans granted to the Group.

As at 30 September 2022, an amount of RMB0.79 million (approximately \$0.16 million) (31 December 2021: RMB1.6 million (approximately \$0.35 million) included in the cash and bank balances can only be used for payment of interest on a bank loan in accordance with the terms of the loan.

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

C. Condensed interim consolidated statement of cash flows

	Group			
	Third Quarter		Nine Months	
	Ended 30 September		Ended 30 September	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities :				
Loss before taxation				
- continuing operations	(246)	(1,916)	(1,289)	(3,564)
- discontinued operation - profit	30	230	97	265
Loss before taxation, total	(216)	(1,686)	(1,192)	(3,299)
Adjustments for :				
Depreciation and amortisation expenses	98	114	245	339
Loss/(gain) on disposal of property, plant and equipment	-	9	-	9
Interest expense (Note (a))	105	152	314	426
Interest income	-	(1)	(2)	(2)
Unrealised exchange gain	(8)	-	(20)	-
Operating loss before working capital changes	(21)	(1,412)	(655)	(2,527)
(Increase)/decrease in stocks	60	(45)	107	70
(Increase) in receivables	(134)	(83)	(451)	(262)
Increase/(decrease) in payables	71	1,537	(336)	1,922
Cash used in operations	(24)	(3)	(1,335)	(797)
Interest received	-	1	2	2
Tax paid	-	-	-	(46)
Net cash flows used in operating activities	(24)	(2)	(1,333)	(841)
Cash flows from investing activities :				
Payments for property, plant and equipment	-	(12)	-	(12)
Proceeds from disposal of property, plant and equipment	-	14	-	14
Decreased in restricted deposits (Note (b))	-	-	-	(148)
Net cash flows generated /(used) in investing activities	-	2	-	(146)
Cash flows from financing activities :				
Repayment of bank loan	-	-	(2,129)	(1,987)
Proceeds from bank loan	-	-	2,129	1,987
Net decreased in pledged deposits (Note (a))	105	113	179	333
Payments of lease liability	(5)	(6)	(18)	(18)
Interest paid (Note (a))	(105)	(115)	(314)	(339)
Loan from a controlling shareholder	-	20	-	432
Loan from a director	-	150	-	600
Net cash flows generated from/(used in) financing activities	(5)	162	(153)	1,008
Net increase /(decrease) in cash and bank balances	(29)	162	(1,486)	21
Cash and bank balances at beginning of period	810	191	2,297	330
Effects of exchange rate changes on cash and cash equivalents	(12)	2	(42)	4
Cash and bank balances at end of period	769	355	769	355

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

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

	Group	
	As at 30 September	
	2022	2021
	\$'000	\$'000
Cash and bank balances	1,145	700
Less : pledged deposits for bank loans (Note (a))	(160)	(125)
Less : restricted use of mining deposits (Note (b))	(216)	(220)
Cash and bank balances at end of period	769	355

Note (a): Included in the interest expense in third quarter ended 30 September 2022 ("3Q2022") and 30 September 2021 ("3Q2021") were amounts of \$105,000 and \$115,000, 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)	152	-	(615)	(8)	(623)
Balance at 31 March 2022	78,283	850	(79,866)	1,963	1,550	(75,503)	(2,545)	235
Total comprehensive loss for the period	-	-	(194)	(595)	-	(789)	3	(786)
Balance at 30 June 2022	78,283	850	(80,060)	1,368	1,550	(76,292)	(2,542)	(551)
Total comprehensive income for the period	-	-	(207)	(122)	-	(329)	(6)	(335)
Balance at 30 September 2022	78,283	850	(80,267)	1,246	1,550	(76,621)	(2,548)	(886)
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 and prior years' adjustments were made.

Company	Share capital \$'000	Accumulated losses \$'000	Total reserves \$'000	Total equity \$'000
2022				
Balance at 1 January 2022	78,283	(73,793)	(73,793)	4,490
Total comprehensive loss for the period	-	(216)	(216)	(216)
Balance at 31 March 2022	78,283	(74,009)	(74,009)	4,274
Total comprehensive loss for the period	-	(309)	(309)	(309)
Balance at 30 June 2022	78,283	(74,318)	(74,318)	3,965
Total comprehensive loss for the period	-	(149)	(149)	(149)
Balance at 30 September 2022	78,283	(74,467)	(74,467)	3,816
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 third quarter and nine months ended 30 September 2022 comprises the Company and its subsidiaries (collectively, the “Group”).

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

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

Going concern

The Group incurred a net loss after tax of \$1.19 million in 9M2022 (9M2021: \$3.30 million) and reported net cash used in operating activities of \$1.33 million in 9M2022 (9M2021: \$0.84 million). As at 30 September 2022, the Group’s current liabilities exceeded its current assets by \$8.68 million (31 December 2021: \$7.66 million) and reported a net deficit in equity of \$0.89 million as at 30 September 2022. For the period ended, the Company has accumulated losses of \$74.47 million (31 December 2021: \$73.79 million) and has a net current liability of \$5.58 million (31 December 2021: \$4.91 million). The above factors may indicate the existence of material

uncertainty, which may cast doubt about the Group's and the Company's ability to continue as going concern.

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

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

(b) the proposed disposal of the Phase 2 Factory Assets located at Xiangliu Village, Gongxing Town, Mianzhu City, Sichuan Province, PRC (the "Proposed Disposal") of RMB31.50 million, as announced on 29 November 2021. The Group received 65% of the sales proceeds of RMB20.48 million in 2021 and final instalment of RMB11.025 million representing the balance of the consideration for the sale of Phase 2 Factory Assets in October 2022. On 2 November 2022, the Group repaid the outstanding bank loan and is in the process of transfer of the Phase 2 Factory Assets.

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

(d) Discussions will be carried out by the Group with financial institutions to rollover its existing loans as and when they fall due. As the Group has in the past not defaulted on any of the loans extended to it, barring unforeseen circumstances, the Board expects that the Group will be able to obtain requisite financing for the Group's operations. The Company's subsidiaries, Mianzhu Norwest and Deyang Fengtai Mining Company Limited ("Fengtai"), have managed to extend the maturity of the bank loans for another 12 months as announced on 24 December 2021 and 10 January 2022. On 2 November 2022, Mianzhu Norwest and Fengtai repaid the outstanding bank loan to SPD Rural Bank.

(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 for the next 12 months from the date of this announcement, including capitalisation of the shareholders loans and other restructuring as may be needed.

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

(g) As announced on 19 August 2022, the Company and its wholly owned subsidiary, Norwest Chemicals Pte Ltd have on 18 August 2022 received confirmation/ finalisation of its agreement with a US based Fund that will provide non-recourse funding in respect of the Group's pending international investment arbitration against the People's Republic of China.

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

The Board confirmed that, save for confidentiality provision in the agreement with the US based Fund, all material disclosures, facts and information (including but not limited to disclosures pertaining to material operations and business of the Group, the going concern assumption) have been provided and announced for trading of the Company's shares to continue and are not aware of any facts the omission of which would make any statement misleading.

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

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

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

2.1 New and amended standards adopted by the Group

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

2.2 Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

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

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

Assets and liability of disposal group

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

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

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

As at 30 September 2022, the disposal of Mining Assets has not been completed. As announced on 11 August 2020, the Group's lawyers had submitted a Request for Arbitration to the Chinese Government and the arbitration is in progress.

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

Non-current assets classified as held for sale

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

On 29 November 2021, the Company's subsidiary, Sichuan Mianzhu Norwest Phosphate Chemical Co., Ltd entered into a sale and purchase agreement ("SPA") with Sichuan Mianzhu Huaxinfeng Food Co., Ltd relating to the proposed disposal of its proposed disposal of its STPP plant (referred hereinafter as Phase 2 Factory Assets") and the associated land use rights for cash consideration of RMB31.50 million.

Pursuant to the SPA, as at the balance sheet date, the Group had received 65% of the sales proceeds of RMB20.48 million (approximately \$4,154,000) which was presented as other payables. The Group shall transfer the P2 Factory Assets and the title thereto to the Purchaser upon receipt of the remaining balance of the sales proceeds of RMB11,025,000 anytime, but not later than 29 November 2022.

As at date of this announcement, the balance of the purchase consideration has been received and the Group has repaid the outstanding bank loan and is in the process to transfer the asset to complete the transaction.

Income tax

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

Determination of the lease term

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

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

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

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

Key sources of estimation uncertainty

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

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

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

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

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

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

Impairment of assets of disposal group

Assets of disposal group include all mining related property, plant and equipment, mine properties, goodwill and deposits for mining levy. As at 30 September 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 \$9.40 million. Management has evaluated the recoverability of the investment based on the estimated realisable value of the underlying net assets.

Allowance for expected credit losses of trade and other receivables

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

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

Allowance for inventory obsolescence

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

Estimation of the incremental borrowing rate ("IBR")

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

market interest rate and asset yield) when available, and then making certain lessee specific adjustments (such as a group entity's credit rating).

3. Seasonal operations

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

4. Segment and revenue information

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

4.1 Geographical information

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

	Group			
	Revenue		Non-current assets	
	Nine Months Ended 30 September		As at	
	2022	2021	30 September 2022	31 December 2021
	\$'000	\$'000	\$'000	\$'000
People's Republic of China	8	367	10,913	11,790
India	1,034	684	-	-
Ireland	418	239	-	-
Japan	79	-	-	-
Malaysia	64	-	-	-
Singapore	-	-	35	52
Others	219	38	-	-
	1,822	1,328	10,948	11,842
Less: discontinued operation	-	(299)	-	-
	1,822	1,029	10,948	11,842

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

4.2 Information about major customers

	Group			
	Nine Months Ended 30 September		Nine Months Ended 30 September	
	2022		2021	
	\$'000	% of revenue	\$'000	% of revenue
Revenue				
Customer A	1,034	57%	684	67%
Customer B	418	23%	239	23%
Customer C	97	5%	106	10%

4.3 Information about products

Revenue information based on products is as follows:

	Group	
	Nine Months Ended 30 September	
	2022	2021
	\$'000	\$'000
STMP	1,372	712
Commodity product	418	239
SHMP and Others	32	78
Revenue from continuing operations	1,822	1,029

5. Financial assets and financial liabilities

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

	The Group		The Company	
	30 September	31 December	30 September	31 December
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets at amortised cost</u>				
Other receivables#	328	82	303	57
Trade receivables	80	61	72	60
Amounts due from subsidiaries	-	-	917	517
Cash and bank balances	1,145	2,876	297	413
	1,553	3,019	1,589	1,047
<u>Financial liabilities at amortised cost</u>				
Trade and other payables^	3,510	3,669	711	798
Interest-bearing bank loans	5,884	6,211	-	-
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	114	133	-	-
Amounts due to subsidiaries			4,323	3,005
	11,756	12,261	7,241	6,010
# Exclude prepayments				
^ Exclude advance payment from proposed assets disposal				
Other receivables and prepayments#	871	438	371	110
Less: Prepayment	(543)	(356)	(68)	(53)
	328	82	303	57

6. Taxation

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

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

7. Right-of-use assets

	Land-use-rights	Office premises	Total
	\$'000	\$'000	\$'000
The Group			
Cost			
At 1 January 2021	4,709	381	5,090
Transfer to non-current assets classified as held for sale	(3,119)	-	(3,119)
Currency realignment	262	-	262
At 31 December 2021	1,852	381	2,233
Additions	-	-	-
Disposal	-	-	-
Currency realignment	(98)	-	(98)
At 30 September 2022	1,754	381	2,135
Accumulated depreciation and impairment losses			
At 1 January 2021	669	381	1,050
Depreciation expense	96	-	96
Transfer to non-current assets classified as held for sale	(435)	-	(435)
Currency realignment	41	-	41
At 31 December 2021	371	381	752
Depreciation expense	27	-	27
Disposal	-	-	-
Currency realignment	(21)	-	(21)
At 30 September 2022	377	381	758
Net carrying amount			
At 30 September 2022	1,377	-	1,377
At 31 December 2021	1,481	-	1,481

Right-of-use assets represent:

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

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

8. Property, plant and equipment

During the nine months ended 30 September 2022, the Group did not acquire (30 September 2021: \$12,000) nor dispose of any asset (30 September 2021: \$8,000).

9. Disposal group and discontinued operation

Assets and liabilities of disposal group

During the year ended 2021, the directors reassessed the Group’s position in the investment dispute with the Chinese Government. It looked increasingly unlikely that the Chinese Government will settle the dispute amicably. Any compensation is subject to the outcome in the ongoing international arbitration and the final award by the Arbitral Tribunal. Accordingly, the

Group recorded an impairment loss on the book value of \$90 million on the Mining Assets that was presented as “Assets of disposal group” and reversed the related deferred tax liabilities of \$16.38 million from “Liabilities of disposal group”. The remaining liabilities in “Liabilities of disposal group” represent provision for reinstatement costs.

On 18 August 2022, the Company and its wholly owned subsidiary, Norwest Chemicals Pte Ltd, received confirmation/finalisation of its agreement with a US based Fund (the “Fund”) that will provide non-recourse funding in respect of the Group’s pending international arbitration as mentioned above. The funding provided pursuant to this agreement will cover a set amount of the anticipated fees and costs through the end of the arbitration, as well as certain fees and costs that have been incurred to-date. The Fund will recover based on amounts recovered in the arbitration by way of award or settlement. If the funding agreement is terminated prior to the completion of the arbitration, the Fund will be entitled to cease funding but will still be entitled to recover based on the amounts recovered in the arbitration by way of award or settlement. The outcome of the arbitration is not known as at the date of this announcement as the arbitration is in progress. The actual amount that the Group could receive as a result of an award if the arbitral tribunal find in its favour or if there is a settlement, is dependent on a range of legal, economic, and financial considerations, as well as the agreement with the Fund.

Non-current assets classified as held for sale

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

On 29 November 2021, the Company’s subsidiary, Sichuan Mianzhu Norwest Phosphate Chemical Co., Ltd entered into a sale and purchase agreement (“SPA”) with Sichuan Mianzhu Huaxinfeng Food Co., Ltd relating to the proposed disposal of its STPP plant (referred hereinafter as P2 Factory Assets”) and the associated land use rights for cash consideration of RMB31.50 million.

Pursuant to the SPA, as at 31 December 2021, the Group had received 65% of the sales proceeds of RMB20.48 million (approximately \$4,154,000) which was presented as other payables. As at 31 October 2022, the full purchase consideration has been received. The Group is in the process of repayment the outstanding bank loan and the transfer of the P2 Factory Assets.

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

	Group	
	30 September 2022	31 December 2021
	\$'000	\$'000
Right-of-use asset (land use rights)	2,501	2,684
Property, plant and equipment	3,634	3,792
Non-current assets classified as held for sale	6,135	6,476

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

	Group					
	Third Quarter Ended 30 September			Nine Months Ended 30 September		
	2022 \$'000	2021 \$'000	Change %	2022 \$'000	2021 \$'000	Change %
Discontinued operations						
Revenue	-	299	(100)	-	299	(100)
Cost of sales	-	(85)	(100)	-	(85)	(100)
Gross profit	-	214	(100)	-	214	(100)
Other income	64	50	28	201	153	31
Finance costs	(34)	(34)	-	(104)	(102)	2
Profit before tax from discontinued operations	30	230	(87)	97	265	(63)
Taxation	-	-		-	-	
Profit for the period from discontinued operations	30	230	(87)	97	265	(63)

The cash flow attributable to discontinued operation are as follows:

	Group			
	Third Quarter Ended 30 September		Nine Months Ended 30 September	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Net cash flows generated in operating activities	1	213	-	436
Net cash flows generated from/(used in) financing activities	-	(123)	(130)	(173)

10. Interest-bearing bank loans

	Group			
	30 September 2022		31 December 2021	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable				
In one year or less, or on demand	5,884	-	6,211	-
After one year	-	-	-	-
	5,884	-	6,211	-

11. Share capital

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

12. Related Parties Transactions

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

13. Reclassification of Current Period Condensed Financial Statement

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

14. Events Occurring After the Reporting Period

Subsequent to the balance sheet date, the Group has received the balance of the purchase consideration from the disposal of the Phase 2 Factory Assets.

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

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

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

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

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

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

	As at	
	30 September 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 11 section 2 about going concern and is of the view that the Group and the Company are able to continue as a going concern.

ii) Assets and liability of disposal group and discontinued operation

Update:

Significant uncertainties continue to exist 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 3Q2022.

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 30 September 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. At as 31 October 2022, the full purchase consideration has been received from the buyer of the Phase 2 factory. The Group has received expression of interest for the purchase, lease or a joint venture of its P4 plant and is in discussions with various parties.

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			
	Third Quarter Ended 30 September		Nine Months Ended 30 September	
	2022	2021	2022	2021
Profit/(loss) attributable to owners of the Company used in the computation of basic earnings per share (\$'000)				
- from continuing operations	(237)	(1,907)	(1,265)	(3,540)
- from discontinued operation	30	230	97	265
	(207)	(1,677)	(1,168)	(3,275)
Weighted average number of ordinary shares for basic earnings/(loss) per share ('000)	1,031,525	1,031,525	1,031,525	1,031,525
Basic earning/(loss) per share (cents)				
- from continuing operations	(0.02)	(0.18)	(0.12)	(0.34)
- from discontinued operation	0.00	0.02	0.01	0.02
	(0.02)	(0.16)	(0.11)	(0.32)

As at 30 September 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 As at		Company As at	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Net asset / (net liabilities) value (\$'000)	(886)	858	3,816	4,490
Number of ordinary shares ('000)	1,031,525	1,031,525	1,031,525	1,031,525
Net asset / (net liabilities) value per ordinary share (cents)	(0.09)	0.08	0.37	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 \$0.11 million, from \$0.43 million in 3Q2021 to \$0.54 million in 3Q2022, mainly due to higher average selling price in 3Q2022 as compared to 3Q2021. The revenue was mainly derived from the sales of STMP and other commodity products.

The Cost of goods sold increased by \$0.08 million, from \$0.38 million in 3Q2021 to \$0.46 million in 3Q2022, in line with the higher sales.

Gross profit increased by \$0.03 million from \$0.05 million in 3Q2021 to \$0.08 million in 3Q2022 while its gross profit margin increased by 3% from 12% in 3Q2021 to 15% in 3Q2022 as result of higher average selling price.

Selling and distribution costs

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

General and administrative costs

General and administrative costs decreased by \$1.63 million, from \$1.84 million in 3Q2021 to \$0.21 million in 3Q2022, mainly due to absence of legal and professional fees incurred in the arbitration of the investment dispute with Chinese Government as they

are funded by a Fund as disclosed in Section E note 9. In addition, the Group reported a foreign exchange gain versus a loss position in prior period.

Finance costs

Finance costs decreased by \$0.05 million, from \$0.12 million in 3Q2021 to \$0.07 million in 3Q2022, mainly due to no accrual of interest on loans from the director and controlling shareholder for the working capital of the company. The accrual of the interest is pending the conduct of a general meeting to approve the transaction (please refer to note 13 below).

Discontinued operation

Profit from discontinued operation decreased by \$0.20 million, from \$0.23 million in 3Q2021 to \$0.03 million in 3Q2022 as a result of no sales reported in 3Q2022.

Loss for the period

The lower loss for the 3rd quarter ended 30 September 2022 compared to comparative period ended 30 September 2021 is mainly a result of higher revenues recorded and lower legal and professional costs incurred.

Balance sheet

Non-current assets

Non-current assets decreased by \$0.89 million, from \$11.84 million as at 31 December 2021 to \$10.95 million as at 30 September 2022, mainly due to depreciation and amortisation of right-of-use asset and property, plant and equipment combined with the strengthening of SGD against the RMB.

Current assets

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

Trade receivables increased by \$0.02 million, from \$0.06 million as at 31 December 2021 to \$0.08 million as at 30 September 2022, in line with the sales being made in nine months of 2022.

Other receivables and prepayments increased by \$0.43 million, from \$0.44 million as at 31 December 2021 to \$0.87 million as at 30 September 2022 mainly due to increase in the expenses for the arbitration with the Chinese government for which these expenses, as announced on 19 August 2022, will be recovered under the funding agreement with a US based fund.

Cash and bank balances decreased by \$1.73 million, from \$2.88 million as at 31 December 2021 to \$1.15 million as at 30 September 2022, mainly due to payment of operation expenses of the Group.

Current liabilities

Current liabilities decreased by \$0.70 million, from \$17.66 million as at 31 December 2021 to \$16.96 million as at 30 September 2022, mainly due to decrease in the other payables and interest-bearing bank loans as result of SGD strengthening against the RMB.

Other payables decreased by \$0.39 million, from \$8.00 million as at 31 December 2021 to \$7.61 million as at 30 September 2022, mainly due to payment combine with the strengthening of SGD against the RMB of professional fees.

Contract liabilities increased by \$0.06 million, from \$0.27 million as at 31 December 2021 to \$0.33 million as at 30 September 2022, mainly due to advance payments from the customers.

Interest-bearing bank loans decreased by \$0.33 million from \$6.21 million as at 31 December 2021 to \$5.88 million as at 30 September 2022, due to translation difference on the back of a strengthening of the SGD against the RMB.

As at 30 September 2022, the Group's current liabilities exceeded its current assets by \$8.68 million (31 December 2021: \$7.66 million) mainly due to short-term interest-bearing bank loans and deposit received from the disposal of P2 plant. In China, working capital bank loans are short term and are normally renewable annually.

Cash flow statement

Cash flow statement for 3Q2022

Operating loss before working capital changes was \$0.02 million in 3Q2022, while net cash flow generated in operating activities were \$0.02 million, mainly due to increase in receivables net off with the decrease in stock and increase in payables.

Cash flows used in financing activities was \$0.01 million in 3Q2022, mainly due to payment of lease liability.

As a result of the above, there was a net decrease in cash and cash equivalents of \$0.03 million in 3Q2022.

Cash flow statement for 9M2022

Operating loss before working capital changes was \$0.66 million in 9M2022, while net cash flows used in operating activities were \$1.34 million, mainly due to payment of legal and professional fees.

Cash flows used in financing activities was \$0.15 million in 9M2022, mainly due to payment of interest.

As a result of the above, there was a net decrease in cash and cash equivalents of \$1.49 million in 9M2022.

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

The Group's unaudited results is in line with the profit guidance announcement on 9 November 2022.

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

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

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

Management continues to evaluate proposals from parties interested in acquiring the 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 favourable currently with the market prices of P4 in the region of RMB37,250 per ton. Conditions are favourable for the Group to try to secure a sale of the P4 plant. The Group has received expression of interest and is in discussions with different parties. The discussions for P4 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 3Q2022 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 September 2022, the loan from Dr. Ong amounted to \$1,600,000. These loans are for the Company’s working capital, are unsecured, repayable on demand and will bear interest at 8% per annum. As at date of this announcement, interest on loans accrued to Dr. Ong amounted to \$151,000.

Astute Ventures Pte Ltd, a controlling shareholder, has extended loans of \$201,750 in April 2021; \$211,120 in May 2021, and another \$20,000 in September 2021. As at 30

September 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 9M2022 as the interest accrual requires approval from the shareholders at an EGM and the Board is considering convening an EGM to seek approval for the interest on loan to the interested parties and also in conjunction with the proposed disposal of the P4 plant when an agreement is reached with the potential buyer.

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

The Board hereby confirms that, to the best of its knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for 3Q2022 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 November 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