ASIAPHOS LIMITED

Company Registration Number: 201200335G

UNAUDITED CONDENSED FINANCIAL STATEMENTS ANNOUNCEMENT FOR SIX MONTHS ENDED 30 JUNE 2021

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

Table of contents

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

	Group					
	Second Quarter Ended 30 June			Half Year Ended 30 June		
	2021	2020	Change	2021	2020	Change
	$'000	$'000	%	$'000	$'000	%
Continuing operations						
Revenue	106	98	8	480	372	29
Cost of sales	(89)	(93)	(4)	(422)	(323)	31
Gross profit	17	5	240	58	49	18
Other income	119	167	(29)	226	442	(49)
Selling and distribution costs	(9)	(4)	125	(23)	(38)	(39)
General and adminstrative costs	(872)	(517)	69	(1,509)	(1,381)	9
Finance costs	(146)	(117)	25	(276)	(243)	14
Other expenses	(45)	(69)	100	(89)	(132)	(33)
Profit/(loss) before tax, from continuing operations	(936)	(535)	75	(1,613)	(1,303)	24
Taxation	(2)	-	N.M.	(2)	-	N.M.
Profit/(loss) from continuing operations, net of tax	**(938)**	**(535)**	75	**(1,615)**	**(1,303)**	24
Discontinued operation						
Profit/(loss) from discontinued operation, net of tax	-	-	-	**-**	**324**	(100)
Profit/(loss) for the period	**(938)**	**(535)**	75	**(1,615)**	**(979)**	65
Other comprehensive income						
Items that may not be recycled to profit or loss						
Foreign currency translation gain/(loss)	793	(685)	N.M.	549	404	36
Total comprehensive income for the period	(145)	(1,220)	(88)	(1,066)	(575)	85
Net profit/(loss) for the period attributable to:						
Owners of the Company						
Profit/(loss) from continuing operations, net of tax	(938)	(535)	75	(1,615)	(1,303)	24
Profit/(loss) from discontinued operation, net of tax	-	-	-	-	324	(100)
	(938)	(535)	75	(1,615)	(979)	65
Non-controlling interest						
Profit/(loss) from continuing operations, net of tax	17	-	-	17	-	-
Profit/(loss) from discontinued operation, net of tax	-	-	-	-	-	-
	17	-	-	17	-	-
Profit/(loss) for the period	(921)	(535)	72	(1,598)	(979)	63
Total comprehensive income for the period attributable to:						
Owners of the Company	(145)	(1,220)	(88)	(1,066)	(575)	85
Non-controlling interest	-	-	-	-	-	-
	(145)	(1,220)	(88)	(1,066)	(575)	85
Attributable to owners of the Company						
Total comprehensive income for the period from continuing operations	(145)	(1,220)	(88)	(1,066)	(899)	19
Total comprehensive income for the period from discontinued operation	-	-		-	324	(100)
	(145)	(1,220)	(88)	(1,066)	(575)	85

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

	Group			
	Second Quarter Ended 30 June		Half Year Ended 30 June	
Consolidated statement of profit or loss	2021	2020	2021	2020
Earning per share for profit/(loss) for the period attributable to the owner of the Company during the year:				
Basic earnings/(loss) per share (cents)				
- from continuing operations	(0.09)	(0.05)	(0.16)	(0.13)
- from discontinued operation	-	-	-	0.03
Diluted earnings/(loss) per share (cents)				
- from continuing operations	(0.09)	(0.05)	(0.16)	(0.13)
- from discontinued operation	-	-	-	0.03
	(0.09)	(0.05)	(0.16)	(0.09)

"N.M." denotes not meaningful.

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

In the second quarter ended 30 June 2021 ("**2Q2021**"), the Group recorded translation gain of $0.79 million due to the strengthening of RMB against SGD.

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

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

	Group					
	Second Quarter Ended 30 June			Half Year Ended 30 June		
	2021	2020	Change	2021	2020	Change
	$'000	$'000	%	$'000	$'000	%
Interest income	1	-	N.M	1	2	(50)
Interest income on late payment by customer	-	-	-	-	119	(100)
Government grants	5	-	N.M	7	-	N.M
Interest expenses	(116)	(103)	13	(224)	(219)	2
Interest on loan from a substantial shareholder	(6)	-	N.M	(6)	-	N.M
Interest on loan from director	(24)	(13)	85	(44)	(13)	238
Amortisation and depreciation						
- continuing operations #	(116)	(201)	(42)	(225)	(402)	(44)
Provision for doubtful debts (made)/written back						
- discontinued operation	-	-	-	-	324	(100)
Gain on disposal of property, plant and equipment	-	8	(100)	-	8	(100)
Foreign exchange gain/(loss) *	(221)	188	N.M	(174)	(80)	118

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

B. Condensed interim statements of financial position

	Group		Company	
	As at		As at	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	$'000	$'000	$'000	$'000
Non-current assets				
Right-of-use asset	4,076	4,040	-	-
Property, plant and equipment	13,846	13,728	-	-
Prepayments	171	167	-	-
Other receivables	8	9	-	-
Investment in subsidiaries	-	-	45,449	45,449
	18,101	17,944	45,449	45,449
Current assets				
Stocks	115	233	-	-
Trade receivables	25	23	-	-
Other receivables and prepayments	528	382	232	32
Cash and bank balances	646	848	65	31
Assets of disposal group	90,029	89,775	-	-
Amounts due from subsidiaries	-	-	525	340
	91,343	91,261	822	403
Total assets	109,444	109,205	46,271	45,852
Current liabilities				
Trade payables	48	54	-	-
Other payables	3,806	2,902	801	356
Contract liabilities	117	339	-	-
Interest-bearing bank loans	6,431	6,300	-	-
Loan due to a director	1,392	913	1,392	897
Provision for taxation	-	44	-	-
Lease liability	24	24	-	-
Liability of disposal group	824	807	-	-
Amounts due to subsidiary	-	-	3,486	3,208
	12,642	11,383	5,679	4,461
Net current assets/(liabilities)	78,701	79,878	(4,857)	(4,058)
Non-current liabilities				
Deferred tax liabilities	17,422	17,405	-	-
Deferred income	2,016	1,975	-	-
Provision for reinstatement cost	27	27	-	-
Lease liability	121	133	-	-
	19,586	19,540	-	-
Total liabilities	32,228	30,923	5,679	4,461
Net assets	**77,216**	**78,282**	**40,592**	**41,391**
Equity attributable to owners of the Company				
Share capital	78,283	78,283	78,283	78,283
Reserves	(10,360)	(9,311)	(37,691)	(36,892)
	67,923	68,972	40,592	41,391
Non-controlling interest	9,293	9,310	-	-
Total equity	**77,216**	**78,282**	**40,592**	**41,391**

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 Jun 2021		31 Dec 2020	
	Secured	Unsecured	Secured	Unsecured
	$'000	$'000	$'000	$'000
Amount repayable				
In one year or less, or on demand	6,431	-	6,300	-
After one year	-	-	-	-
	6,431	-	6,300	-

Details of collaterals

As at 30 June 2021, the Group pledged certain right-of-use assets and certain property, plant and equipment of the Group, with net book value of RMB19.79 million (approximately $4.10 million) and RMB50.97 million (approximately $10.56 million) respectively, as collaterals.

As at 30 June 2021, an amount of RMB1.14 million (approximately $0.24 million) [31 December 2020:- RMB1.49 million (approximately $0.30 million)] included in the cash and bank balances can only be used for payment of interest on a bank loan.

As at 30 June 2021, the Company has also provided a corporate guarantee for a bank loan of RMB21.05 million (approximately $4.36 million) [31 December 2020: RMB21.05 million (approximately $4.27 million)].

C. Condensed interim consolidated statement of cash flows

	Group			
	Second Quarter Ended 30 June		Half Year Ended 30 June	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Cash flows from operating activities :				
Profit/(loss) before taxation				
- continuing operations	(936)	(535)	(1,613)	(1,303)
- discontinued operation	-	-	-	324
Loss before taxation, total	(936)	(535)	(1,613)	(979)
Adjustments for :				
Depreciation and amortisation expenses	116	201	225	402
Gain on disposal of property, plant and equipment	-	(8)	-	(8)
Interest expense (Note (a))	146	116	274	232
Interest income	(1)	(118)	(1)	(2)
Unrealised exchange loss/(gain)	54	(235)	-	88
Operating loss before working capital changes	(621)	(579)	(1,115)	(267)
(Increase)/decrease in stocks	(19)	30	115	(24)
(Increase)/decrease in receivables	64	(30)	(179)	(215)
Increase in payables	10	265	384	517
Cash generated from/(used in) operations	(566)	(314)	(795)	11
Interest received	1	118	1	2
Tax paid	(35)	-	(46)	-
Net cash flows generated from/(used in) operating activities	(600)	(196)	(840)	13
Cash flows from investing activities :				
Proceeds from disposal of property, plant and equipment	-	8	-	8
Increase in restricted deposits (Note (b))	(4)	-	(148)	-
Net cash flows generated from/(used in) investing activities	(4)	8	(148)	8
Cash flows from financing activities :				
Repayment of bank loan	-	-	(1,987)	(1,987)
Proceeds from bank loan	-	-	1,987	1,987
Decrease in pledged deposits (Note (a))	115	-	220	74
Payments of lease liability	(6)	(34)	(12)	(66)
Interest paid (Note (a))	(116)	(109)	(224)	(219)
Loan from a controlling shareholder	412	-	412	-
Loan from a director	150	200	450	350
Net cash flows generated from financing activities	555	57	846	139
Net increase/(decrease) in cash and cash equivalents	(49)	(131)	(142)	160
Cash and cash equivalents at beginning of period	238	698	331	396
Effects of exchange rate changes on cash and cash equivalents	2	(9)	2	2
Cash and cash equivalents at end of period	191	558	191	558

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 Jun	
	2021	2020
	$'000	$'000
Cash and bank balances	646	978
Less : pledged deposits for bank loans (Note (a))	(236)	(207)
Less : restricted use of mining deposits (Note (b))	(219)	(213)
Cash and cash equivalents at end of period	191	558

Note (a): Included in the interest expense in 2Q2021 and second quarter ended 30 June 2020 ("**2Q2020**") were amounts of S$111,460 and S$75,000, respectively, paid via deduction from a specific bank account. The amount in the specific bank account can only be used to pay interest on a bank loan.

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	Merger reserve	Accumulated losses	Foreign currency translation reserve	Safety fund surplus reserve	Total reserves	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2021								
Balance at 1 January 2021	78,283	850	(12,700)	989	1,550	(9,311)	9,310	78,282
Total comprehensive income for the period	-	-	(677)	(244)	-	(921)	-	(921)
Balance at 31 March 2021	78,283	850	(13,377)	745	1,550	(10,232)	9,310	77,361
Total comprehensive income for the period	-	-	(921)	793	-	(128)	(17)	(145)
Balance at 30 June 2021	78,283	850	(14,298)	1,538	1,550	(10,360)	9,293	77,216
2020								
Balance at 1 January 2020	78,283	850	(10,086)	(329)	1,550	(8,015)	9,463	79,731
Impact on adoption of SFRS(I) 16	-	-	-	-	-	-	-	-
Balance at 1 January 2020, restated	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

Company	Share capital	Accumulated losses	Total reserves	Total equity
	$'000	$'000	$'000	$'000
2021				
Balance at 1 January 2021	78,283	(36,892)	(36,892)	41,391
Total comprehensive income for the period	-	(426)	(426)	(426)
Balance at 31 March 2021	78,283	(37,318)	(37,318)	40,965
Total comprehensive income for the period	-	(373)	(373)	(373)
Balance at 30 June 2021	78,283	(37,691)	(37,691)	40,592
2020				
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

E.Notes to the condensed interim consolidated financial statements

1. Corporate information

The Company is 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 registered office and the principal place of business of the Company are located at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 and 22 Kallang Avenue, #03-02 Hong Aik Industrial Building, Singapore 339413, respectively.

These condensed interim financial statements as at and for the six months ended 30 June 2021 comprises the Company and its subsidiaries (collectively, the "Group")

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

(a) The upstream segment is in the business of exploration, mining and sale of phosphate rocks. As discussions are in progress with the Chinese Government, the upstream segment had been presented as discontinued operation; and

(b) The downstream segment is in the business of manufacturing, sale and trading of phosphate-based chemical products.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

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, 10 January 2020 and 11 August 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.

To date, while the Group has made continuous efforts in good faith to reach an amicable settlement with the Chinese Government, without success as the Chinese Government has not accepted any of the Group's proposals and has not made any counter-proposal.

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.

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.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2021 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 2020.

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 $1.62 million in 1H2021 (1H2020 - $0.98 million) and have a net cash used in operating activities of $0.84 million in 1H2021 (1H2020 - net cash generated from operating activities of $0.01 million). Excluding the assets and liability of the disposal group, the Group's current liabilities exceeded its current assets by $10.50 million (31 December 2020 – $9.09 million) as at 30 June 2021. The Company has accumulated losses of $37.69 million (31 December 2020 – $36.89 million) as at 30 June 2021 and has a net current liability of $4.86 million (31 December 2020 – $4.06 million) as at 30 June 2021. The above factors may indicate the existence of material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concern.

The Board has taken into consideration the Group's plans (inter alia internal estimates of value of P4 plant and STPP plant as well as forward numbers) and confirm 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 as well as other polyphosphate chemicals and achieve reduction in cash outlays and overheads due to downsized operations.

(b) In FY2019, the Group leased the STPP plant to a third party for RMB 1 million per annum for a period of 4 years, with the option to extend for another 3 years upon expiry. Rental income is received bi-annually.

The Group is also exploring the sale of its P4 plant and the STPP Plants; and

(c) 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 Directors expect that the Group will be able to obtain requisite financing for the Group's operations.

In addition, the cash resources of the Group will be augmented by the support of its majority shareholders and also as disclosed in our announcement on the termination of the acquisition of MMJV on 7 April 2021, the Group will continue to source for other corporate, business, acquisition and financing opportunities as and when available and appropriate to enhance shareholders' value.

(d) The Company is in discussion for potential placement of new shares.

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

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group and the Company may have to be 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 Dollar and rounded to the nearest thousand ($'000), unless otherwise stated.

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

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 2020.

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:

2.2. Use of judgements and estimates (Cont'd)

Assets and liability of disposal group

Since November 2017, the Group has been in discussion with the Chinese Government in relation to Mine 1, Mine 2 and Fengtai Mine (collectively, the "Mining Assets"). Based on legal advice received, while the Group's ownership of the Mining Assets was still valid as at 31 December 2017, the Mianzhu City Government's request to provide a letter of undertaking to vacate and rehabilitate its mining sites in respect of Mine 2 and Fengtai Mine and the non-renewal of mining and exploration licenses of Mine 1 is tantamount to an indirect expropriation of these Mining Assets.

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

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

As at 30 June 2021, the disposal of Mining Assets has not been completed. As announced on 11 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.

Insofar, the Group has cooperated fully with the Chinese Government in provision of the required information and remains committed to achieving a settlement with the Chinese Government.

Accordingly, due to the continuing discussions with the Chinese Government, the directors are of the view that it is appropriate for the Group to continue to present all mining related property, plant and equipment, mine properties, goodwill and deposits for mining levy, and the provision for rehabilitation as "assets of disposal group" and "liability of disposal group" respectively on the Group's consolidated balance sheet as at 30 June 2021.

No adjustments have been made to the carrying value of these assets so as not to prejudice the Group's position in the ongoing discussion with the Chinese Government.

Income tax

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

2.2. Use of judgements and estimates (Cont'd)

Determination of the lease term

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

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

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

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

Determination of functional currency

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

Determination of operating segments

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

Key sources of estimation uncertainty

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

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

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

2.2. Use of judgements and estimates (Cont'd)

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 includes all mining related property, plant and equipment, mine properties, goodwill and deposits for mining levy.

Based on independent valuation of the mining assets, the fair value of the relevant assets is greater than their carrying value. Based on independent legal opinion, the settlement amount to be paid by a host state to an investor in the event of expropriation is based on the fair market value of the asset/(s) immediately before the expropriation event. However, uncertainties exist with respect to the recoverable amount as it is subjected to further negotiationsor adjudication by arbitration.

The directors, based on currently available information, are of the opinion that the fair value less cost to sell is higher than the carrying amount of the assets held for disposal. Accordingly, no impairment loss was recorded in the consolidated income statement. The carrying amount of assets of disposal group as at 30 June 2021 was $90,029,000 (31 December 2020 - $89,775,000).

Impairment of investment in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimation of the value-in-use of the investments. 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 $45,449,000 (31 December 2020 - $45,449,000). Management has evaluated the recoverability of the investment based on such estimates.

2.2. Use of judgements and estimates (Cont'd)

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 are 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

	Upstream (discontinued)		Downstream		Adjustments and eliminations		Note	Total	
	Half Year Ended 30 June		Half Year Ended 30 June		Half Year Ended 30 June			Half Year Ended 30 June	
The Group	2021	2020	2021	2020	2021	2020		2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000		$'000	$'000
Profit or loss									
Revenue - external	-	-	480	372	-	-	A, B	480	372
Gain/(loss) on disposal of property, plant and equipment	-	-	-	(8)	-	-	C	-	(8)
Depreciation and amortisation expenses	-	-	(225)	(402)	-	-	C	(225)	(402)
Interest income	-	-	-	-	1	2	C	1	2
Interest expense	-	-	-	-	(274)	(232)	B, C	(274)	(232)
Provision for doubtful debts written back	-	324	-	-	-	(324)	B, C	-	-
Segment profit/(loss) before tax	-	324	(817)	(905)	(796)	(722)	D	(1,613)	(1,303)
Assets									
Additions to non-current assets	-	-	-	-	-	-	E	-	-

Notes Additional information and nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

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/ (loss) from discontinued operation, net of tax”.

C Adjustments relate to unallocated corporate income and expenses.

D The following items are added to/(deducted from) segment profit/(loss) to arrive at “loss before tax, from continuing operations” presented in the consolidated statement of comprehensive income:

	Group	
	Half Year Ended 30 June	
	2021	2020
	$'000	$'000
Segment results of discontinued operation	-	(324)
Exchange loss	(174)	(80)
Government grant and subsidy income	7	-
Interest expense	(274)	(232)
Interest income	1	2
Other corporate expenses	(356)	(88)
	(796)	(722)

Other corporate expenses include salaries and related costs, professional fees and other office and corporate related expenses.

E Additions to non-current assets comprise additions to right-of-use asset.

4. Segment and revenue information (Cont'd)

Geographical information

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

	Group			
	Half Year Ended 30 June	At 30 June	Half Year Ended 30 June	At 31 December
	2021		2020	
	Revenue	Non-current assets	Revenue	Non-current assets
	$'000	$'000	$'000	$'000
People's Republic of China	-	18,057	-	17,912
Singapore	-	44	-	32
India	429	-	316	-
Others	51	-	56	-
	480	18,101	372	17,944
Less discontinued operation	-	-	-	-
	480	18,101	372	17,944

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			
	Half Year Ended 30 June		Half Year Ended 30 June	
	2021		2020	
	$'000	% of revenue	$'000	% of revenue
Revenue				
Customer A (1)	429	89%	316	85%
Customer B (1)	28	6%	16	4%

(1) downstream segment

4. Segment and revenue information (Cont'd)

Information about products

Revenue information based on products is as follows:

	Group	
	Half Year Ended 30 June	
	2021	2020
	$'000	$'000
STPP	-	16
SHMP	29	-
STMP	429	316
Others *	22	40
Revenue from continuing operations	480	372
Revenue from discontinued operation	-	-
	480	372

* Others represent trading revenue from other phosphate chemicals.

5. Financial assets and financial liabilities

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

	The Group		The Company	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Financial assets at amortised cost				
Other receivables#	101	148	11	-
Trade receivables	25	23	-	-
Amounts due from subsidiaries	-	-	525	340
Cash and cash equivalents	646	848	65	31
	772	1,019	601	371
Financial liabilities at amortised cost				
Trade and other payables	3,854	2,956	801	356
Interest-bearing bank loans	6,431	6,300	-	-
Loan due to a director	1,392	913	1,392	897
Lease liability	145	157	-	-
Amounts due to subsidiaries	-	-	3,486	3,208
	11,822	10,326	5,679	4,461
# Exclude prepayments				

6. Taxation

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

	Group			
	Second Quarter Ended 30 June		Half Year Ended 30 June	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current income tax expense	-	-	-	-
Deferred income tax expense relating to origination and reversal of temporary differences	-	-	-	-
	-	-	-	-
Adjustment for over provision of tax in respect of prior years				
respect of prior years	(2)	-	(2)	-
	(2)	-	(2)	-

7. Right-of-use assets

	Land use rights	Office premises	Total
The Group	$'000	$'000	$'000
Cost			
At 1 January 2020	4,997	191	5,188
Additions	-	190	190
Disposals	(529)		(529)
Currency realignment	241	-	241
At 31 December 2020	4,709	381	5,090
Additions	-	-	-
Disposals	-	-	-
Currency realignment	-	-	-
At 30 June 2021	**4,709**	**381**	**5,090**
Accumulated depreciation and impairment losses			
At 1 January 2020	558	111	669
Depreciation expense	106	88	194
Disposal	(24)	-	(24)
Impairment loss	-	182	182
Currency realignment	29	-	29
At 31 December 2020	669	381	1,050
Depreciation expense	(48)	-	(48)
Disposal	-	-	-
Impairment loss	-	-	-
Currency realignment	12	-	12
At 30 June 2021	**633**	**381**	**1,014**
Net carrying amount			
At 30 June 2021	**4,076**	**-**	**4,076**
At 31 December 2020	4,040	-	4,040

Right-of-use assets represent

(i) cost of land use rights in respect of two plots of leasehold lands 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 and February 2015.

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

8. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to $Nil (30 June 2020: $Nil) and disposed of assets amounting to $Nil (30 June 2020: $8,000)

9. Borrowings

	Group			
	30 June 2021		31 December 2020	
	Secured	Unsecured	Secured	Unsecured
	$'000	$'000	$'000	$'000
Amount repayable				
In one year or less, or on demand	6,431	-	6,300	-
After one year	-	-	-	-
	6,431	-	6,300	-

10. Share capital

	The Group and the Company			
	30 June 2021		31 December 2020	
	Number of shares		Number of shares	
	'000	$'000	'000	$'000
Ordinary shares issued and fully paid, with no par value:				
At 30 June / 31 December	1,031,525	78,283	1,031,525	78,283

11. Related Parties Transactions

Except as disclosed in page 5 and page 8 of Section A and Section F note 13, there are no other related parties transactions.

12. Reclassification of 2Q2020 Financial Statement

Certain disclosures of 2Q2020 comparatives have been reclassified to conform with the 2Q2021 presentation.

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 2020 and 30 June 2021, the number of issued ordinary shares of the Company ("**Shares**") (excluding treasury shares) was 1,031,524,685.

There were no outstanding convertibles as at 30 June 2020 and 30 June 2021.

As at 30 June 2020 and 30 June 2021, the Company did not hold any treasury shares and there were no subsidiary holdings.

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

	As at	
	30 June 2021	**31 December 2020**
Total number of issued shares (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 2020 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 recoverability of 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 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 and right-of-use assets ("ROU")
Update:
Using independent valuation reports prepared in 2020 by an independent Chinese professional valuer engaged by the management, the management had assessed the recoverable amounts of the P4 plant, STPP plant and ROU, no provision of impairment on the P4 plant, STPP plant and ROU in year ended 31 December 2020.

The management had assessed the recoverable amounts of the P4 plant, STPP plant and ROU, no provision of impairment on the P4 plant, STPP plant and ROU was recognised in 2Q2021.

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

iv) Valuation of warrants

Update:

The Board of directors believes that the valuation of warrants which expired in FY2020, will not have any financial impact on the results and financial position of the Group and the Company for the year ending 31 December 2021.

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 2020.

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			
	Second Quarter Ended 30 June		Half Year Ended 30 June	
	2021	2020	2021	2020
Earnings/(loss) attributable to owners of the Company used in the computation of diluted earnings per share ($'000)				
- from continuing operations	(938)	(535)	(1,615)	(1,303)
- from discontinued operation	-	-	-	324
	(938)	(535)	(1,615)	(979)
Weighted average number of ordinary shares for basic / diluted earnings per share ('000)	1,031,525	1,031,525	1,031,525	1,031,525
Basic / diluted earnings/(loss) per share (cents)				
- from continuing operations	(0.09)	(0.05)	(0.16)	(0.13)
- from discontinued operation	-	-	-	0.03
	(0.09)	(0.05)	(0.16)	(0.09)

As at 30 June 2021 and 30 June 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		Company	
	As at		As at	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
Net asset value ($'000)	77,216	78,282	40,592	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)	7.49	7.59	3.94	4.01

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.

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 ("$\mathbf{P_4}$"), sodium tripolyphosphate ("**STPP**") and sodium hexametaphosphate ("**SHMP**"); the sale of P_4 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 increased by $0.01 million, from $0.10 million in 2Q2020 to $0.11 million in 2Q2021, mainly due to higher quantity sold in 2Q2021 than 2Q2020. The revenue is solely derived from the sales of STMP and SHMP.

The cost of goods sold decreased by $0.004 million, from $0.093 million in 2Q2020 to $0.089 million in 2Q2021, mainly due to lower product purchase price.

Gross profit margin increased by 10.94%, from 5.10% in 2Q2020 to 16.04% in 2Q2021, mainly due to the product mix effect. Gross profit increased from $0.005 million in 2Q2020 to $0.017 million in 2Q2021.

Other income

Other income decreased by $0.05 million, from $0.17 million in 2Q2020 to $0.12 million in 2Q2021, mainly due to decrease in the sale of scrap materials in 2Q2021. Other income includes the contribution from the rental of the STPP plant of $0.05 million and the sale of scrap materials of $0.06 million in 2Q2021.

Selling and distribution costs

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

General and administrative costs

General and administrative costs increased by $0.35 million, from $0.52 million in 2Q2020 to $0.87 million in 2Q2021, mainly due to higher legal fees and professional fees incurred in connection with the commencement of the arbitration with the Chinese Government.

Finance costs

Finance costs increased by $0.03 million, from $0.12 million in 2Q2020 to $0.15 million in 2Q2021, mainly due to increased accrued interest in line with the increase of loans from the director for the working capital of the company.

Other expense

Other expenses decreased by $0.02 million, from $0.07 million in 2Q2020 to $0.05 million in 2Q2021, mainly due to the lower sale of scrap materials.

Net loss after tax

Net loss increased by $0.40 million, from $0.54 million in 2Q2020 to $0.94 million in 2Q2021, mainly due to increase in general and administrative costs and finance costs.

Balance sheet

Non-current assets

Non-current assets increased by $0.16 million, from $17.94 million as at 31 December 2020 to $18.10 million as at 30 June 2021, mainly due to the strengthening of RMB against the SGD.

Current assets

Stock decreased by $0.11 million.

Other receivables and prepayments increased by $0.15 million, from $0.38 million as at 31 December 2020 to $0.53 million as at 30 June 2021, mainly due to deposit payment to the International Centre for Settlement of Investment Dispute (ICSID), relating to the arbitration to the Chinese Government.

Assets of disposal group increased by $0.25 million, from $89.78 million as at 31 December 2020 to $90.03 million as at 30 June 2021, mainly due to the strengthening of RMB against the SGD.

Current liabilities

Current liabilities increased by $1.26 million, from $11.38 million as at 31 December 2020 to $12.64 million as at 30 June 2021, mainly due to increase in other payables, interest-bearing bank loans, loans due to a director and liability of disposal group. These were partially offset by decrease in trade payables and contract liabilities.

Trade payables decreased by $0.006 million, from $0.054 million as at 31 December 2020 to $0.048 million as at 31 June 2021, mainly due to payments for the goods purchased.

Other payables increased by $0.91 million, from $2.90 million as at 31 December 2020 to $3.81 million as at 30 June 2021, mainly due to the general and administrative expenses incurred in 2Q2021.

Interest-bearing bank loans increased by $0.13 million, from $6.30 million as at 31 December 2020 to $6.43 million as at 30 June 2021, mainly due to the strengthening of RMB against the SGD.

Contract liabilities decreased by $0.22 million, from $0.34 million as at 31 December 2020 to $0.12 million as at 30 June 2021, mainly due to goods delivered and sales recognised in the profit and loss account in 2Q2021.

Loan due to a director increased by $0.48 million, from $0.91 million as at 31 December 2020 to $1.39 million as at 30 June 2021, mainly due to further advances from a director of the company and accrued interest.

Liability of disposal group increased by $0.01 million, from $0.81 million as at 31 December 2020 to $0.82 million as at 30 June 2021, mainly due to the strengthening of RMB against the SGD.

Non-current liabilities

Non-current liabilities increased by $0.05 million, from $19.54 million as at 31 December 2020 to $19.59 million as at 30 June 2021, mainly due to the strengthening of RMB against SGD.

Cash flow statement

Operating loss before working capital changes was $0.62 million in 2Q2021. Net cash flows used in operating activities were $0.60 million in 2Q2021, mainly due to decrease in receivables and increase in payables, and partially mitigated by a increase in stocks.

Cash flow used in investing activities was $0.004 million in 2Q2021 due to an increase in restricted deposit to be held in a bank account to pay bank loan interest.

Cash flows generated from financing activities was $0.56 million in 2Q2021, mainly due to decrease in pledged deposits, loan from a director and a controlling shareholder.

As a result of the above, net decrease in cash and cash equivalents of $0.05 million in 2Q2021.

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 arbitration is now underway., the Group is required to observe confidentiality. However, the Group is mindful of its obligations under the Catalist Listing Rules, it 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.

The Sichuan Government has allowed State owned companies to resume mining in the vicinity of our P4 facilities. The Group was forced to stop production at its P4 plant from mid-2018 after China forced the closure of its Mines and it had exhausted its stockpile. Having been deprived of access to rocks from its Mines, it has not been commercially viable for the Group to purchase phosphate rocks on the market and continue to operate the P4 plant. Management will continue to engage potential buyers to sell its P4 facilities.

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 2Q2020 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; $100,000 in November 2020; $100,000 in January 2021; $100,000 in February 2021; another $100,000 in March 2021 and another $150,000 in June 2021 to the Company. As at 30 June 2021, the loan from Dr. Ong amounted to $1,300,000. 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 June 2021, interest on loans accrued to Dr. Ong amount to $91,660.

In 3Q2021, Dr Ong has extended loans that amounted to $150,000 to the Company for working capital, are unsecured, repayable on demand and will bear interest at 8% per annum.

Astute Ventures Pte Ltd, a controlling shareholder, has extended loans of $201,750 in April 2021 and $211,120 in May 2021. As at 30 June 2021, the loan from Astute Ventures Pte Ltd amounted to $412,870. In 2Q2021, interest on loans accrued to Astute Ventures Pte Ltd amount to $5,762. These loans are for the Company's working capital, are unsecured, repayable on demand and will also bear interest at 8% per annum.

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. 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 2Q2021 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

14 August 2021

*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.*

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