



ASIAPHOS LIMITED

Company Registration Number: 201200335G

UNAUDITED CONDENSED FINANCIAL STATEMENTS ANNOUNCEMENT FOR FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023

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



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

| | Note | Group | | |
|--|------|-----------------------------------|--------|--------|
| | | First Quarter Ended 31 March 2023 | 2022 | Change |
| | | \$'000 | \$'000 | % |
| Continuing operations | | | | |
| Revenue | E4 | 584 | 732 | (20) |
| Cost of sales | | (442) | (642) | (31) |
| Gross profit | | 142 | 90 | 58 |
| Other income | | 47 | 6 | 683 |
| Selling and distribution costs | | (42) | (35) | 20 |
| General and administrative costs | | (746) | (802) | (7) |
| Finance costs | | (52) | (68) | (24) |
| Loss before tax, from continuing operations | | (651) | (809) | (20) |
| Taxation | E6 | - | - | |
| Loss from continuing operations, net of tax | | (651) | (809) | (20) |
| Discontinued operation | | | | |
| Profit/(loss) from discontinued operation, net of tax | E9 | (7) | 34 | (120) |
| Loss for the period | | (658) | (775) | (15) |
| Other comprehensive income | | | | |
| Items that may not be recycled to profit or loss | | | | |
| Foreign currency translation gain/(loss) | | 131 | 152 | (14) |
| Total comprehensive loss for the period | | (527) | (623) | (15) |
| Net profit/(loss) for the period attributable to: | | | | |
| Owners of the Company | | | | |
| - Continuing operations, net of tax | | (651) | (801) | (19) |
| - Discontinued operation, net of tax | | (7) | 34 | (120) |
| | | (658) | (767) | (14) |
| Total comprehensive loss for the period attributable to: | | | | |
| Owners of the Company | | (524) | (615) | (15) |
| Non-controlling interest | | (3) | (8) | (56) |
| Total comprehensive loss for the period | | (527) | (623) | (15) |
| Attributable to owners of the Company | | | | |
| Total comprehensive loss for the year from | | | | |
| - Continuing operations, net of tax | | (517) | (649) | (20) |
| - Discontinued operation, net of tax | | (7) | 34 | (120) |
| Total comprehensive loss for the period attributable to owners of the Company | | (524) | (615) | (15) |



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

| | Group | |
|--|------------------------|---------------|
| | First Quarter Ended 31 | |
| | March | |
| Earnings/(losses) per share | 2023 | 2022 |
| Earnings/(losses) per share for the year attributable to the owner of the Company: | | |
| Basic earnings/(losses) per share (cents) | | |
| - from continuing operations | (0.06) | (0.08) |
| - from discontinued operations | (0.01) | 0.01 |
| | <u>(0.07)</u> | <u>(0.07)</u> |
| Diluted earnings/(losses) per share (cents) | | |
| - from continuing operations | (0.06) | (0.08) |
| - from discontinued operations | (0.01) | 0.01 |
| | <u>(0.07)</u> | <u>(0.07)</u> |

N.M. - Not Meaningful

Foreign currency translation gains/(losses) represent 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 the currency positions in RMB are considered to be long-term in nature. Such translation gains/(losses) are unrealised in nature and do not impact the current year profit/(loss) unless the underlying assets or liabilities of the PRC subsidiaries are disposed of.

In the first quarter ended 31 March 2023 (“1Q2023”), the Group recorded a translation gain of \$0.13 million due to exchange rate fluctuations.



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

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

| | Group | | |
|-------------------------------|------------------------------|--------|--------|
| | First Quarter Ended 31 March | | |
| | 2023 | 2022 | Change |
| | \$'000 | \$'000 | % |
| Interest income | | | |
| - continuing operations | - | 2 | (100) |
| - discontinued operations | - | 47 | (100) |
| Government grants # | - | 4 | (100) |
| Interest expenses | | | |
| - continuing operations | (52) | (68) | (24) |
| - discontinued operations | (7) | (34) | (80) |
| Amortisation and depreciation | | | |
| - continuing operations * | (60) | (74) | (19) |
| Foreign exchange loss * | - | (17) | (100) |
| Foreign exchange gain # | 46 | - | N.M. |

N.M. - Not Meaningful

* - Included in general and administrative costs

- Included in other income



B. Condensed interim statements of financial position

| | Note | Group | | Company | |
|--|------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | | As at | | As at | |
| | | 31 March 2023 \$'000 | 31 December 2022 \$'000 | 31 March 2023 \$'000 | 31 December 2022 \$'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Right-of-use assets | E7 | - | 1,295 | - | - |
| Property, plant and equipment | E8 | 31 | 8,983 | - | - |
| Other receivables and prepayments | | 8 | 8 | - | - |
| Investment in subsidiaries | | - | - | 9,400 | 9,400 |
| | | 39 | 10,286 | 9,400 | 9,400 |
| Current assets | | | | | |
| Inventories | | 97 | 223 | - | - |
| Trade receivables | E5 | 55 | 72 | 2 | 72 |
| Other receivables and prepayments | E5 | 884 | 636 | 395 | 78 |
| Cash and cash equivalents | | 1,745 | 757 | 298 | 81 |
| | | 2,781 | 1,688 | 695 | 231 |
| Assets of disposal group | E9 | - | - | - | - |
| Non-current assets classified as held for sale | E10 | 16,254 | 5,805 | - | - |
| | | 19,035 | 7,493 | 695 | 231 |
| Total Assets | | 19,074 | 17,779 | 10,095 | 9,631 |
| EQUITY | | | | | |
| Share capital | E13 | 78,283 | 78,283 | 78,283 | 78,283 |
| Reserves | D | (77,916) | (77,392) | (75,132) | (74,627) |
| Equity attributable to owners of the Company | | 367 | 891 | 3,151 | 3,656 |
| Non-controlling interest | | (2,541) | (2,538) | - | - |
| Total equity | | (2,174) | (1,647) | 3,151 | 3,656 |
| LIABILITIES | | | | | |
| Non-current liabilities | | | | | |
| Deferred tax liabilities | | 1,031 | 1,117 | - | - |
| Deferred income | | 1,898 | 1,869 | - | - |
| Provision for reinstatement cost | | 27 | 27 | - | - |
| Lease liability | E5 | 74 | 81 | - | - |
| | | 3,030 | 3,094 | - | - |
| Current liabilities | | | | | |
| Trade payables | E5 | 51 | 244 | - | - |
| Other payables | E5 | 10,576 | 9,136 | 682 | 305 |
| Contract liabilities | | 264 | 303 | - | - |
| Interest-bearing bank loans | E11 | 3,666 | 3,610 | - | - |
| Loan due to a director | E5 | 2,147 | 1,792 | 2,106 | 1,751 |
| Loan due to a controlling shareholder | E5 | 711 | 456 | 711 | 456 |
| Lease liability | E5 | 27 | 27 | - | - |
| Amounts due to subsidiaries | | - | - | 3,445 | 3,463 |
| | | 17,442 | 15,568 | 6,944 | 5,975 |
| Liabilities of disposal group | E9 | 776 | 764 | - | - |
| | | 18,218 | 16,332 | 6,944 | 5,975 |
| Total Liabilities | | 21,248 | 19,426 | 6,944 | 5,975 |
| Total Equity and Liabilities | | 19,074 | 17,779 | 10,095 | 9,631 |

C. Condensed interim consolidated statement of cash flows

| | Note | Group | |
|---|------|------------------------|---------|
| | | First Quarter Ended 31 | |
| | | March | |
| | | 2023 | 2022 |
| | | \$'000 | \$'000 |
| Cash flows from operating activities : | | | |
| Profit/(Loss) before taxation from | | | |
| - continuing operations | | (651) | (809) |
| - discontinued operations | | (7) | 34 |
| Loss before taxation | | (658) | (775) |
| Adjustments for : | | | |
| Depreciation and amortisation expenses | | 60 | 74 |
| Interest expense | | 59 | 102 |
| Interest income | | - | (49) |
| Unrealised exchange (gain)/loss | | (40) | 10 |
| Operating loss before working capital changes | | (579) | (638) |
| (Increase)/decrease in inventories | | 126 | 109 |
| (Increase)/decrease in trade and other receivables | | (232) | (60) |
| Increase/(decrease) in trade and other payables | | 1,120 | (152) |
| Cash generated/(used in) operations | | 435 | (741) |
| Bank interest received | | - | 2 |
| Tax paid | | - | - |
| Net cash flows generated from/(used in) operating activities | | 435 | (739) |
| Cash flows from investing activities : | | | |
| Payments for property, plant and equipment | | (1) | - |
| Net cash flows generated from/(used in) in investing activities | | (1) | - |
| Cash flows from financing activities : | | | |
| Repayment of bank loan | | - | (2,129) |
| Proceeds from bank loan | | - | 2,129 |
| (Increase)/decrease in pledged deposits | | 58 | (39) |
| Payments of lease liability | | (6) | (6) |
| Interest paid | | (59) | (102) |
| Loan from a controlling shareholder | | 255 | - |
| Loan from a director | | 355 | - |
| Net cash flows generated from/(used in) financing activities | | 603 | (147) |
| Net increase/(decrease) in cash and cash equivalents | | 1,037 | (886) |
| Cash and cash equivalents at beginning of period | | 271 | 2,297 |
| Effects of exchange rate changes on cash and cash equivalents | | 1 | (1) |
| Cash and cash equivalents at end of period | C1 | 1,309 | 1,410 |

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

Note C1:

For the purpose of the consolidated statement of cash flows, cash and cash equivalents exclude the following:

| | Group | |
|--|----------------|--------|
| | As at 31 March | |
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| Cash and bank balances | 1,745 | 2,030 |
| Less: pledged deposits for bank loans | (228) | (392) |
| Less: restricted use of mining deposits | (208) | (228) |
| Cash and cash equivalents at end of period | 1,309 | 1,410 |

The pledged deposits related to amounts held in a specific bank account and earmarked for the payment of bank loan interests.

Mining deposits relate to amounts held in specific bank accounts the use of which is restricted until the rehabilitation of the Group's mines is completed.



D. Condensed interim statements of changes in equity

| The Group | Share capital \$'000 | Merger reserve \$'000 | Accumulated losses \$'000 | Foreign currency translation reserve \$'000 | Safety fund surplus reserve \$'000 | Total attributable to owners of the Company \$'000 | Non-controlling interest \$'000 | Total equity \$'000 |
|---|-------------------------|--------------------------|------------------------------|--|---------------------------------------|---|------------------------------------|------------------------|
| 2023 | | | | | | | | |
| Balance at 1 January 2023 | 78,283 | 850 | (80,689) | 897 | 1,550 | 891 | (2,538) | (1,647) |
| Total comprehensive loss for the period | - | - | (658) | 134 | - | (524) | (3) | (527) |
| Balance at 31 March 2023 | 78,283 | 850 | (81,347) | 1,031 | 1,550 | 367 | (2,541) | (2,174) |
| 2022 | | | | | | | | |
| Balance at 1 January 2022 | 78,283 | 850 | (79,099) | 1,811 | 1,550 | 3,395 | (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 | 2,780 | (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 | 1,991 | (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 | 1,662 | (2,548) | (886) |
| Total comprehensive income for the period | - | - | (422) | (349) | - | (771) | 10 | (761) |
| Balance at 31 December 2022 | 78,283 | 850 | (80,689) | 897 | 1,550 | 891 | (2,538) | (1,647) |



D. Condensed interim statements of changes in equity (cont'd)

| The Company | Share capital \$'000 | Accumulated losses \$'000 | Total equity \$'000 |
|---|-------------------------|------------------------------|------------------------|
| 2023 | | | |
| Balance at 1 January 2023 | 78,283 | (74,627) | 3,656 |
| Total comprehensive loss for the period | - | (505) | (505) |
| Balance at 31 March 2023 | 78,283 | (75,132) | 3,151 |
| 2022 | | | |
| Balance at 1 January 2022 | 78,283 | (73,793) | 4,490 |
| Total comprehensive loss for the period | - | (216) | (216) |
| Balance at 31 March 2022 | 78,283 | (74,009) | 4,274 |
| Total comprehensive loss for the period | - | (309) | (309) |
| Balance at 30 June 2022 | 78,283 | (74,318) | 3,965 |
| Total comprehensive loss for the period | - | (149) | (149) |
| Balance at 30 September 2022 | 78,283 | (74,467) | 3,816 |
| Total comprehensive loss for the period | - | (160) | (160) |
| Balance at 31 December 2022 | 78,283 | (74,627) | 3,656 |



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

These condensed interim financial statements comprised those of the Company and its subsidiaries (collectively the “Group”).

The principal activities of the Group were previously organised into product units and comprised of two reportable segments as follows:

(a) The upstream segment which comprised of the business of exploration, mining and sale of phosphate rocks; and

(b) The downstream segment which comprised of the business of manufacturing, sale and trading of phosphate chemical products such as Sodium Tripolyphosphate (“STPP”), Sodium Hexametaphosphate (“SHMP”) as well as other polyphosphate chemicals.

Following the cessation of the exploration, mining, production and sale of phosphate rocks and chemical products, the Group’s continuing activities comprised only that of the trading of phosphate chemical products and commodity products. Accordingly, the Group has included the trading of commodity products as another segment of its reportable operating activities.

2. Basis of preparation

The condensed interim financial statements for the financial period ended 31 March 2023 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 2022.

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.

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 Dollars which is the Company’s functional currency and rounded to the nearest thousand (\$’000) unless otherwise stated.



2. Basis of preparation (cont'd)

Going concern

The Group incurred a net loss after tax of \$0.66 million in 1Q2023 (1Q2022: \$0.78 million) and net cash generated from/(used in) operating activities of \$0.44 million in 1Q2023 (1Q2022: \$0.74 million), respectively. Excluding the assets and liabilities of the disposal group, the Group's current liabilities exceeded its current assets by \$14.66 million as at 31 March 2023 (31 December 2022: \$13.88 million). The Company has accumulated losses of \$75.13 million as at 31 March 2023 (31 December 2022: \$74.63 million) and has a net current liability of \$6.25 million as at 31 March 2023 (31 December 2022: \$5.74 million). The above factors may indicate the existence of material uncertainty, which may cast significant doubt about the Group's and the Company's ability to continue as going concern.

The Board has taken into consideration the Group's plans and confirms 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 generates cash flows from its trading activities comprising phosphate chemical products and commodity products.

(b) As announced on 22 March 2023, a wholly owned subsidiary, Sichuan Mianzhu Norwest Phosphate Chemical Co., Ltd ("SMNPC") had entered into a Cooperation Agreement with Sichuan Rongda Yuexiang Chemical Group Co., Ltd. ("Rongda") in connection with, *inter alia*, the lease of the P4 plant owned by SMNPC to Rongda for the period of one year. (the "Proposed Lease"). The lease period commenced on 20 April 2023, upon the delivery of the P4 plant to Rongda.

Pursuant to the terms and provisions of the Cooperation Agreement, SMNPC has the right to transfer the P4 plant including the corresponding liabilities into a newly incorporated company to be established ("New Company"). SMNPC has the right to sell and Rongda is obligated to purchase the entire equity interest in the New Company, in accordance with the terms and conditions in the Cooperation Agreement (the "Proposed Sale Option"). Upon the exercise of the Proposed Sale Option, the total consideration to be received by SMNPC is RMB40.59 million (approximately \$7.80 million). As at the date of this announcement and barring any unforeseen circumstances, the Company is not aware of any information which may cause Rongda to withdraw from the transaction or may suggest that the transaction will not be completed. The Company's shareholders have approved the Proposed Lease, Proposed Sale Option, Proposed Disposal and Proposed Authorisation during the Extraordinary General Meeting held on 29 April 2023.

2. Basis of preparation (cont'd)



(c) The Group does not have any external bank borrowings save for the bank loan from Bohai Bank amounting to RMB18.80 million (approximately \$3.67 million) and which is secured against the P4 plant. Under the terms of the Cooperation Agreement, the Bohai bank loan including certain liabilities of SMNPC shall be transferred to the New Company before it is acquired by Rongda as described in the aforesaid note (b) or Rongda has to either arrange for alternative financing or to settle the Bohai Bank Loan before the completion of the transaction.

(d) The completion of the disposal of SMNPC's Sodium Tripolyphosphate ("STPP") plant and the associated land use rights (collectively "Phase 2 Factory Assets") is pending the transfer of titles to the purchaser. As at the date of this announcement and barring any unforeseen circumstances, the Company is not aware of any information which may cause the purchaser to withdraw from the transaction or may suggest that the transaction will not be completed.

(e) The Group has not in the past defaulted on any of its bank loans. Barring unforeseen circumstances, the Board expects that the Group will be able to obtain requisite financing for its operations, where necessary.

(f) 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 will continue to provide financial support including the capitalisation of shareholders' loans and other loan restructuring as may be needed to ensure that the Group is able to operate as a going concern for the next 12 months from 4 April 2023.

(g) The Company is exploring potential fund raising.

(h) The Company and its wholly owned subsidiary, Norwest Chemicals Pte Ltd had on 18 August 2022 finalised its agreement with a US based Fund that will provide non-recourse funding in respect of the arbitration fees and costs for the international investment arbitration against the People's Republic of China.

(i) As announced on 21 February 2023, the Company received the arbitral tribunal's adverse ruling on its jurisdiction and the order to the Company to inter alia pay the sums of USD0.28 million and RMB6.35 million in legal costs to China. On 20 March 2023, the Company's Swiss lawyers filed a petition to the Swiss Supreme Court seeking to inter alia set aside the Tribunal's jurisdictional award and the legal costs awarded. Regardless of the results of the appeal, the proceeds from the lease of the P4 plant and the sale of the New Company as discussed under note (b) above should be sufficient to pay the legal costs to China.

The Board confirms that, save for the 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 and the going concern assumption) have been provided and announced for the 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, the 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.

2.1. New and amended standards adopted by the Group

The Group has applied the same accounting policies for the current reporting period consistent with those of 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 2023. The adoption of these standards did not have a material impact on the financial statements.

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 described in the last audited financial statements.

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

| | Note | Exploration, mining, production and sale of phosphate rocks and chemical products (Discontinued) | | Trading of phosphate chemical products (Continuing) | | Trading of non-chemical products (Continuing) | | Adjustments and eliminations | | Total | |
|---|------|--|----------------|---|----------------|---|----------------|------------------------------|----------------|------------------------------|----------------|
| | | First Quarter Ended 31 March | | First Quarter Ended 31 March | | First Quarter Ended 31 March | | First Quarter Ended 31 March | | First Quarter Ended 31 March | |
| | | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 |
| Revenue - external | 4a,b | - | - | 517 | 607 | 67 | 125 | - | - | 584 | 732 |
| The following items were added to/(deducted from) segment profit/(loss) to arrive at "Loss before tax, continuing operations" presented in the Consolidated statement of comprehensive income | | | | | | | | | | | |
| Depreciation and amortisation expenses | | - | - | (60) | (74) | - | - | - | - | (60) | (74) |
| Interest income | 4c | - | 47 | - | - | - | - | - | (45) | - | 2 |
| Rental income | | - | 21 | - | - | - | - | - | (21) | - | - |
| Interest expense | | (7) | (34) | (52) | (68) | - | - | 7 | 34 | (52) | (68) |
| Segment profit/(loss) before tax | | (7) | 34 | 15 | (73) | 15 | 21 | (674) | (791) | (651) | (809) |

Note:

4a – There was no inter-segment revenue. Revenue from continuing operations represented invoiced trading sales of chemical and non-chemical products, recognised at a point in time.

4b – The amounts relating to the exploration, mining, production and sale of phosphate rocks and chemical products have 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".

4c – Adjustments related to unallocated corporate income and expenses.



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 | | | |
|----------------------------|------------------------------|--------|--------------------|-------------------|
| | Revenue | | Non-current assets | |
| | First Quarter Ended 31 March | | As at 31 March | As at 31 December |
| | 2023 | 2022 | 2023 | 2022 |
| \$'000 | \$'000 | \$'000 | \$'000 | |
| People's Republic of China | - | - | - | 10,253 |
| India | 344 | 440 | - | - |
| Ireland | 67 | 125 | - | - |
| Malaysia | 108 | 69 | - | - |
| Singapore | - | - | 39 | 33 |
| Others | 65 | 98 | - | - |
| | 584 | 732 | 39 | 10,286 |

Information about major customers

| | Group | | | |
|----------------|------------------------------|--------------|------------------------------|--------------|
| | First Quarter Ended 31 March | | First Quarter Ended 31 March | |
| | 2023 | | 2022 | |
| | \$'000 | % of revenue | \$'000 | % of revenue |
| <u>Revenue</u> | | | | |
| Customer A | 344 | 59% | 440 | 60% |
| Customer B | 108 | 19% | 125 | 17% |
| Customer C | 67 | 12% | 69 | 9% |

Information about products

| | Group | |
|------------------------------------|------------------------------|--------|
| | First Quarter Ended 31 March | |
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| Sodium Trimetaphosphate (STMP) | 453 | 607 |
| Sodium Hexametaphosphate (SHMP) | 64 | - |
| Commodity product | 67 | 125 |
| Revenue from continuing operations | 584 | 732 |



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:

| | Note | Group | | Company | |
|--|------|---------------|------------------|---------------|------------------|
| | | 31 March 2023 | 31 December 2022 | 31 March 2023 | 31 December 2022 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial assets at amortised cost | | | | | |
| Other receivables | 5a | 383 | 24 | 351 | 24 |
| Trade receivables | | 55 | 72 | 2 | 72 |
| Cash and bank balances | | 1,745 | 757 | 298 | 81 |
| | | 2,183 | 853 | 651 | 177 |
| Financial liabilities at amortised cost | | | | | |
| Trade and other payables | 5b | 3,704 | 3,332 | 682 | 305 |
| Interest-bearing bank loan | | 3,666 | 3,610 | - | - |
| Loan due to a director | | 2,147 | 1,792 | 2,106 | 1,751 |
| Loan due to a controlling shareholder | | 711 | 456 | 711 | 456 |
| Lease liability | | 101 | 108 | - | - |
| Amounts due to subsidiaries | | - | - | 3,445 | 3,463 |
| | | 10,329 | 9,298 | 6,944 | 5,975 |

Note 5a:

| | | Group | | Company | |
|-----------------------------------|--|---------------|------------------|---------------|------------------|
| | | 31 March 2023 | 31 December 2022 | 31 March 2023 | 31 December 2022 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Other receivables and prepayments | | 884 | 636 | 395 | 78 |
| Less: Prepayments | | (501) | (612) | (44) | (54) |
| Other receivables | | 383 | 24 | 351 | 24 |

Note 5b:

| | | Group | | Company | |
|---|--|---------------|------------------|---------------|------------------|
| | | 31 March 2023 | 31 December 2022 | 31 March 2023 | 31 December 2022 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Trade payables | | 51 | 244 | - | - |
| Other payables | | 10,576 | 9,136 | 682 | 305 |
| | | 10,627 | 9,380 | 682 | 305 |
| Less: Advance payments received on disposal of Phase 2 Factory Assets | | (6,143) | (6,048) | - | - |
| Less: Rental deposit received on lease of P4 Plant | | (780) | - | - | - |
| | | 3,704 | 3,332 | 682 | 305 |

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 losses due to the uncertainty surrounding whether future taxable profits will be available against which the Group can utilise the benefit.

7. Right-of-use assets

| | Land use rights | Office premises | Total |
|--|-----------------|-----------------|------------|
| The Group | \$'000 | \$'000 | \$'000 |
| <u>Cost</u> | | | |
| At 1 January 2022 | 1,852 | 190 | 2,042 |
| Currency realignment | (192) | - | (192) |
| At 31 December 2022 | 1,660 | 190 | 1,850 |
| Currency realignment | 26 | - | 26 |
| Reclassified to non-current assets classified as held for sale | (1,686) | - | (1,686) |
| At 31 March 2023 | - | 190 | 190 |
| <u>Accumulated depreciation and impairment losses</u> | | | |
| At 1 January 2022 | 371 | 190 | 561 |
| Depreciation | 36 | - | 36 |
| Currency realignment | (42) | - | (42) |
| At 31 December 2022 | 365 | 190 | 555 |
| Depreciation | 7 | - | 7 |
| Currency realignment | 6 | - | 6 |
| Reclassified to non-current assets classified as held for sale | (378) | - | (378) |
| At 31 March 2023 | - | 190 | 190 |
| <u>Net carrying amount</u> | | | |
| At 31 March 2023 | - | - | - |
| At 31 December 2022 | 1,295 | - | 1,295 |

Land use rights relate to a plot of leasehold land located in Sichuan Province, PRC on which the Elemental phosphorus (“P4”) plant is sited. The land use rights are for a tenure of approximately 50 years with effect from December 2011.

Pursuant to the Cooperation Agreement signed with Rongda in relation to the disposal of the P4 plant, the land use rights with carrying value of \$1.31 million were reclassified to non-current assets held for sale. As at the respective period ends, the land use rights were pledged to secure the interest-bearing bank loan of the Group.

Depreciation of right-of-use assets is recognised in the “General and administrative costs” in the consolidated statement of comprehensive income.

8. Property, plant and equipment

| | Buildings | Leasehold improvements | Plant and machinery | Motor vehicles and office equipment | Construction-in-progress | Total |
|--|-----------|------------------------|---------------------|-------------------------------------|--------------------------|------------|
| The Group | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Cost | | | | | | |
| At 1 January 2022 | 8,078 | 427 | 15,141 | 850 | 117 | 24,613 |
| Currency realignment | (837) | (15) | (1,569) | (22) | (12) | (2,455) |
| At 31 December 2022 | 7,241 | 412 | 13,572 | 828 | 105 | 22,158 |
| Additions | - | - | - | 1 | - | 1 |
| Currency realignment | 113 | 2 | 212 | 13 | 2 | 342 |
| Reclassified to non-current assets classified as held for sale | (7,354) | (130) | (13,784) | (204) | (107) | (21,579) |
| At 31 March 2023 | - | 284 | - | 638 | - | 922 |
| Accumulated depreciation and impairment losses | | | | | | |
| At 1 January 2022 | 5,427 | 394 | 7,528 | 794 | 117 | 14,260 |
| Depreciation | 220 | 6 | 20 | 5 | - | 251 |
| Currency realignment | (510) | (15) | (782) | (17) | (12) | (1,336) |
| At 31 December 2022 | 5,137 | 385 | 6,766 | 782 | 105 | 13,175 |
| Depreciation | 45 | 2 | 4 | 2 | - | 53 |
| Currency realignment | 80 | 2 | 106 | 2 | 2 | 192 |
| Reclassified to non-current assets classified as held for sale | (5,262) | (130) | (6,876) | (154) | (107) | (12,529) |
| At 31 March 2023 | - | 259 | - | 632 | - | 891 |
| Net carrying amount | | | | | | |
| At 31 March 2023 | - | 25 | - | 6 | - | 31 |
| At 31 December 2022 | 2,104 | 27 | 6,806 | 46 | - | 8,983 |

During the financial period ended 31 March 2023, the Group acquired assets at cost of \$1,000 (31 March 2022: \$Nil) and disposed of assets with net book value of \$Nil (31 March 2022: \$Nil).

Pursuant to the Cooperation Agreement signed with Rongda in relation to the disposal of the P4 plant, property, plant and equipment with carrying value of \$9.05 million were reclassified to non-current assets held for sale.

9. Disposal group and discontinued operation

Assets and liabilities of disposal group

The assets and liabilities of the disposal group relate to the exploration license of Deyang Fengtai Mining Co., Ltd. (“Fengtai Mine”) and SMNPC’s Mine 1 and 2 mining and exploration licenses (collectively, the “Mining Assets”) that are the subject of the Group’s dispute with the government of the People’s Republic of China (the “Chinese Government”). Please refer to the Company’s announcement dated 22 March 2023 regarding the status of the arbitration.

As at 31 March 2023, the Mining Assets have been fully impaired.

Results of discontinued operation

Discontinued operations consist of the activities related to the disposal group and non-current assets classified as held for sale (Note 10).

The results of discontinued operation for the financial periods ended 31 March 2023 and 2022 are as follows:

| | Discontinued operations | |
|------------------------------|------------------------------|---------------|
| | First Quarter Ended 31 March | |
| | 2023 | 2022 |
| The Group | | |
| | \$'000 | \$'000 |
| <u>Profit or loss</u> | | |
| Revenue | - | - |
| Cost of sales | - | - |
| Gross profit | - | - |
| Other income | - | 68 |
| Finance costs | (7) | (34) |
| Profit/(loss) before tax | (7) | 34 |
| Tax credit | - | - |
| Profit/(loss), net of tax | (7) | 34 |

9. Disposal group and discontinued operation (Cont'd)

The cash flows attributed to discontinued operation for the financial years ended 31 March 2023 and 2022 are as follows:

| Discontinued Operations | Group | |
|---|-------------------------------------|---------------|
| | First Quarter Ended 31 March | |
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| Cash flows from operating activities : | | |
| Profit before taxation | (7) | 34 |
| Adjustments for : | | |
| Interest expense | 7 | 34 |
| Other income | - | (68) |
| Net cash flows generated from/(used in) operating activities | - | - |
| Cash flows from investing activities : | | |
| Rental deposit related to the lease of P4 Plant | 778 | - |
| Rental income related to the lease of Phase 2 Factory Assets | - | 71 |
| Net cash flows generated from/(used in) in investing activities | 778 | 71 |
| Cash flows from financing activities : | | |
| Net (increase)/decrease in pledged deposits | 7 | 34 |
| Interest paid | (7) | (34) |
| Net cash flows generated from/(used in) financing activities | - | - |

10. Non-current assets classified as held for sale

Non-current assets classified as held for sale comprised of the carrying value of the Phase 2 Factory Assets and the P4 plant.

As announced on 22 March 2023, SMNPC had entered into a Cooperation Agreement with Sichuan Rongda Yuexiang Chemical Group Co., Ltd. ("Rongda") in connection with, *inter alia*, the temporary lease of the P4 plant and the Proposed Sale Option of the P4 plant to Rongda. Accordingly, the carrying value of the land use rights and property, plant and equipment relating to the P4 plant of \$1.31 million and \$9.05 million respectively, were reclassified from "Right-of-use assets" to "Non-current assets classified as held for sale".

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

| | 31 March | 31 December |
|--------------------------------------|-----------------|--------------------|
| | 2023 | 2022 |
| The Group | \$'000 | \$'000 |
| Phase 2 Factory Assets | | |
| Right-of-use asset (land use rights) | 2,444 | 2,406 |
| Property, plant and equipment | 3,452 | 3,399 |
| | 5,896 | 5,805 |
| P4 Plant | | |
| Right-of-use asset (land use rights) | 1,307 | - |
| Property, plant and equipment | 9,050 | - |
| | 10,358 | - |
| | 16,254 | 5,805 |

11. Interest-bearing bank loan

| | Group | | | |
|-----------------------------------|---------------|-----------|------------------|-----------|
| | 31 March 2023 | | 31 December 2022 | |
| | Secured | Unsecured | Secured | Unsecured |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Amount repayable | | | | |
| In one year or less, or on demand | 3,666 | - | 3,610 | - |
| After one year | - | - | - | - |
| | 3,666 | - | 3,610 | - |

As at 31 March 2023, the interest-bearing bank loan is secured by:

- (i) land use rights with a carrying value of \$1.31 million (RMB6.71 million) (31 December 2022: \$1.29 million (RMB6.72 million));
- (ii) various Elemental phosphorus (“P4”) property, plant and equipment with a carrying value of \$9.05 million (RMB46.41 million) (31 December 2022: \$8.95 million (RMB46.61 million)); and
- (iii) a corporate guarantee of \$3.71 million (RMB19.00 million) (31 December 2022: \$3.65 million (RMB19.00 million)) by the Company.

12. Contingent liabilities

On 21 February 2023, the Company announced that the International Arbitration Tribunal (“the Tribunal”) had made an adverse ruling on the international arbitration against the Chinese government. As such, the Tribunal had ordered the Group to reimburse China the sums of USD 0.28 million and RMB 6.35 million, which total to approximately \$1.61 million, in legal costs related to the arbitration.

On 20 March 2023, the Company’s Swiss lawyers filed a petition to the Swiss Supreme Court seeking to, inter alia, set aside the Tribunal’s jurisdictional award and the legal costs awarded. Based on the opinion of its legal counsel, the Company is of the view that the likelihood of success of the petition to the Swiss Supreme Court is plausible. Accordingly, no provision has been made for these costs in this set of financial statements.

13. Share capital

| | The Group and the Company | | | |
|---|---------------------------|--------|------------------|--------|
| | 31 March 2023 | | 31 December 2022 | |
| | Number of shares | | Number of shares | |
| | '000 | \$'000 | '000 | \$'000 |
| Ordinary shares issued and fully paid, with no par value: | | | | |
| Balance | 1,031,525 | 78,283 | 1,031,525 | 78,283 |

14. Related party transactions

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

15. Reclassification of comparative period condensed financial statements

Certain comparative figures in the Condensed interim consolidated statement of profit or loss have been reclassified to conform with the current period presentation.

| | Note | First Quarter Ended 31 March 2022 | |
|--|------|---------------------------------------|-----------------|
| | | As aligned with original announcement | As reclassified |
| The Group | | \$'000 | \$'000 |
| Continuing operations | | | |
| Other income | 15a | 53 | 6 |
| Finance costs | 15b | (102) | (68) |
| | | | |
| Loss from continuing operations, net of tax | | (796) | (809) |
| | | | |
| Discontinued operations | | | |
| Profit from continuing operations, net of tax | | 21 | 34 |

Note:

15(a) – Interest income of \$47,000 in relation to the disposal of Phase 2 Factory Assets was reclassified from continuing operations to discontinued operations.

15(b) – Interest expense of \$34,000 in relation to the Phase 2 Factory Assets was reclassified from continuing operations to discontinued operations.

16. Events occurring after the reporting period

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



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

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

As at 31 March 2023 and 31 March 2022, the number of issued ordinary shares of the Company ("Shares") (excluding treasury shares) was 1,031,524,685.

There were no outstanding convertibles as at 31 March 2023 and 31 December 2022.

As at 31 March 2023 and 31 March 2022, the Company did not hold any treasury shares and there were no subsidiary holdings.

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

| | As at | |
|---|---------------|------------------|
| | 31 March 2023 | 31 December 2022 |
| 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 2022 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 under Section E Note 2 regarding the basis of the preparation of the financial statements of the Group and the Company as a 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 operations

Update:

The Management is of the view that the classification of the Mining Assets as assets and liabilities of the disposal group and its results as discontinued operations, is appropriate as the recoverability of the carrying amount of the Mining Assets, if any, will be principally through the ongoing legal process with the Chinese government, and not through continuing use.

Further, as an amicable settlement with the Chinese government is unlikely, the carrying value of the Mining Assets had been fully impaired during the year ended 31 December 2021.

iii) Recoverable amount of property, plant and equipment, right-of-use ("ROU") assets and investment in subsidiaries

Update:

Having considered the proposed transactions in the Cooperation Agreement with Rongda, the Management has determined that the fair value less cost of disposal of the P4 plant and ROU assets was higher than its carrying value. Accordingly, the Management is of the opinion that no provision for impairment loss on the P4 plant and ROU assets were required in the financial period ended 31 March 2023.

In assessing whether an impairment of the investment in subsidiaries is required, the carrying amounts of the investment in subsidiaries were compared against the recoverable amounts of these investments which were determined based on the adjusted net assets of the subsidiaries after taking into account the proposed transactions in the Cooperation Agreement. Having considered these, the management is of the opinion that



no provision for impairment loss on the investment in subsidiaries was required for the financial period ended 31 March 2023.

iv) **Trade and other payables**

Update:

The accrual in other payables was related to legal and professional fees related to the ongoing legal dispute with the Chinese government.

The Board confirms that the impact of the abovementioned audit issues on the financial statements of the Group 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 2022.

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 2023. The adoption of these new/revised SFRS(I), INT SFRS(I) and amendments to SFRS(I) has no material impact on the financial performance or position of the Group and the Company.



6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:**

- (a) based on the weighted average number of ordinary shares on issue; and
(b) on a fully diluted basis (detailing any adjustments made to the earnings).

| | Group | |
|--|-------------------------------|---------------|
| | First Quarter Ended 31 | |
| | March | |
| | 2023 | 2022 |
| Profit/(loss) attributable to owners of the Company used in the computation of basic earnings per share (\$'000) | | |
| - from continuing operations | (651) | (801) |
| - from discontinued operations | (7) | 34 |
| | (658) | (767) |
| Weighted average number of ordinary shares for basic earnings/(losses) per share ('000) | 1,031,525 | 1,031,525 |
| Basic earnings/(losses) per share (cents) | | |
| - from continuing operations | (0.06) | (0.08) |
| - from discontinued operations | (0.01) | 0.01 |
| | (0.07) | (0.07) |

As at 31 March 2023 and 2022, 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.

| | The Group | | The Company | |
|--|------------------|--------------------|--------------------|--------------------|
| | As at | | As at | |
| | 31 March | 31 December | 31 March | 31 December |
| | 2023 | 2022 | 2023 | 2022 |
| Net asset / (net liabilities) value (\$'000) | (2,174) | (1,647) | 3,151 | 3,656 |
| 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) | (0.21) | (0.16) | 0.31 | 0.35 |



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 places.

Statement of Profit of Loss

A review of the performance of the Group in 1Q2023 compared to the corresponding period in 2022.

Revenue, cost of goods sold and gross profit

The Group recorded a lower trading revenue in 1Q2023 mainly due to lower quantity of phosphate chemical and commodity products sold.

The lower cost of goods and the improvement in gross profit margin was mainly due to the product mix effect. Consequently, the Group recorded a higher gross profit of \$0.14 million in 1Q2023, compared to \$0.09 million in the corresponding period last year.

Other income

The increase in other income was due to exchange gain recorded as a result of exchange rate fluctuations.

Selling and distribution costs

Selling and distribution costs increased due to higher transportation costs.

General and administrative costs

The decrease in the general and administrative expenses was mainly attributed to reduced professional fees, depreciation and amortisation expenses, and the absence of foreign exchange losses.



8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business (Con't).

Finance costs

Finance costs reduced mainly due to savings on loan interest expenses following the settlement of bank loans in 2022.

Statement of Financial Position

A review of the performance of the Group as at 31 March 2023 compared to 31 December 2022.

Non-current assets

The decrease in non-current assets was attributed to the reclassification of the land use rights and property, plant and equipment related to the P4 plant to non-current assets classified as held for sale in 1Q2023.

Current assets

Inventory levels reduced due to the clearance of stocks during the Lunar New Year period.

The increase in other receivables and prepayments as at 31 March 2023 was attributed mainly to a prepayment made for court fees relating to the appeal to the Swiss Court in 1Q2023.

Cash and bank balances increased mainly due to the additional loans from a director and a controlling shareholder in 1Q2023 which amounted to \$0.36 million and \$0.26 million respectively, as well as the receipt of rental deposit of approximately \$0.78 million from Rongda for the lease of the P4 plant. The increase was partially offset by operating losses, resulting in a net increase of \$0.99 million.

The increase in non-current assets classified as held for sale was due to the reclassification of land use rights and property, plant and equipment related to the P4 plant from non-current assets.

Non-current liabilities

As at 31 March 2022, deferred income comprised of government grants received in relation to certain plant and equipment. The increase was mainly due to the higher carrying value of the deferred income due to exchange rate fluctuations in 1Q2023.



8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business (Con't).

Current liabilities

Other payables increased mainly due to the receipt of rental deposit of approximately \$0.78 million from Rongda for the lease of the P4 plant and accruals of legal and professional fees.

Changes in the carrying value of the interest-bearing bank loan were due to exchange rate fluctuations in 1Q2023. As at 31 March 2023, there was only one bank loan from Bohai Bank outstanding.

Liabilities of disposal group relate to provision for the cost of the rehabilitation of the mines. The higher carrying value was mainly due to exchange rate fluctuations in 1Q2023.

Statement of Cash Flows

The Group generated net cash from its operating activities in 1Q2023 mainly due to receipt of rental deposit of approximately \$0.78 million from Rongda for the lease of the P4 plant and lower payments for legal and professional fees.

The Group generated net cash from its financing activities in 1Q2023 mainly due to additional loans from a director and a controlling shareholder amounting to \$0.36 million and \$0.26 million respectively. Moreover, there were lower sums set aside in pledged deposits and lower interest amounts paid on bank loans in 1Q2023 compared to the corresponding period in the previous year due to the repayment of two interest-bearing bank loans in 4Q2022.

As a result of the above, there was a net increase in cash and cash equivalents of \$1.04 million in 1Q2023.

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.

In the first three months of the year, China reported an economic growth of 4.5% on the back of robust consumer spending. This notwithstanding, the economic outlook for China remains cloudy as indicated by the slowdown in the fixed asset and infrastructure investment-led growth. The global economy also faces several headwinds, including stubborn inflation, high interest rates and fallout from instability in the financial sector.



To mitigate the impact of the above on the Group's trading conditions, the Management will continue to grow the market and geographical base of its phosphate chemical products.

Barring unforeseen circumstances, the Management expects to exercise the Proposed Sale Option with Rongda within the next 12 months. Further, the 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.

As disclosed under Note 9 and 12 of Section E, the Group has a dispute with the Chinese Government. Please refer to the Company's announcement dated 22 March 2023 for the latest update. The Group will make the requisite announcements in accordance with the Catalist Listing Rules when there are material developments.

As announced on 13 April 2023, the Company is in discussions and negotiations with a third party in connection renewable energy business (including but not limited to, the development, operation and maintenance of solar power plants in Asia including Singapore).

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 the financial period ended 31 March 2023 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 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.

Between 2019 and 2023, Dr Ong has extended the following loans to the Company:

| Month and year | Loan amount S\$ |
|-----------------------|------------------------|
| August 2019 | \$ 200,000 |
| February 2020 | \$ 150,000 |
| June 2020 | \$ 200,000 |
| August 2020 | \$ 200,000 |
| November 2020 | \$ 100,000 |
| January 2021 | \$ 100,000 |
| February 2021 | \$ 100,000 |
| March 2021 | \$ 100,000 |
| June 2021 | \$ 150,000 |
| July 2021 | \$ 100,000 |
| August 2021 | \$ 50,000 |
| October 2021 | \$ 150,000 |
| February 2023 | \$ 100,000 |
| March 2023 | \$ 255,000 |
| Total | \$1,955,000 |

As at 31 March 2023, the loans from Dr. Ong amounted to \$1,955,000 and the interests accrued on these loans from August 2019 to December 2021 amounted to \$151,000. The loans were for the Company’s working capital, are unsecured, repayable on demand and bear interest at 8% per annum (11% per annum from 1 January 2023, subject to the shareholders’ approval).



For avoidance of doubt, there was no interest payable or accrued during the financial periods ended 31 March 2023 and full year 2022 for the loans from Dr Ong and there will be no interest payable or accrued for the loans from Dr Ong (including the previous loans and new loan from Dr Ong) until such time the Company obtains approval from the Shareholders in an extraordinary general meeting to be conducted at a later date for the payment of interest for loans from Dr Ong (including, *inter alia*, interest for the new loan from Dr Ong and past interest for the previous loans from Dr Ong).

Astute Ventures Pte Ltd, (“Astute Ventures”) a controlling shareholder, has extended loans to the Company of \$201,750 in April 2021, \$211,120 in May 2021, \$20,000 in September 2021, and \$255,000 in March 2023. As at 31 March 2023, the loans from Astute Ventures amounted to \$687,870 and the interests accrued on these loans from April to December 2021 amounted to \$22,900. The loans were for the Company’s working capital, are unsecured, repayable on demand and bear interest at 8% per annum (11% per annum from 1 January 2023, subject to the shareholders’ approval).

For avoidance of doubt, there was no interest payable or accrued during the financial periods ended 31 March 2023 and full year 2022 for the loans from Astute Ventures and there will be no interest payable or accrued for the loans from Astute Ventures until such time the Company obtains approval from the Shareholders in an extraordinary general meeting to be conducted at a later date for the payment of interest for loans from Astute Ventures (including, *inter alia*, past interest for the loans from Astute Ventures).

The Audit Committee has discussed the terms of the loans and is of the view that the loans were i) for the benefit of the Group; ii) on normal commercial terms; and iii) 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 ^(a) | Not applicable |
| Astute Ventures Pte Ltd | Controlling shareholder | Nil ^(b) | Not applicable |

Note:

- a) As explained in the previous paragraphs, Dr Ong has extended several loans to the Company during August 2019 to March 2023. As at 31 March 2023, the loans amounted to \$1,955,000 with interest accrued from August 2019 to December 2021, amounted to \$151,000.



As explained in the previous paragraphs, Astute Ventures has extended several loans to the Company during April 2021 to March 2023. As at 31 March 2023, the loans amounted to \$687,870 with interest accrued from April to December 2021 amounted to \$22,900.

14. Negative confirmation pursuant to the 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 1Q2023 to be false or misleading in any material respect.

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

9 May 2023

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

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

