



ASIAPHOS LIMITED

Company Registration Number: 201200335G

UNAUDITED CONDENSED FINANCIAL STATEMENTS ANNOUNCEMENT FOR FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 | | | | | |
|---|------|----------------------------------|----------|--------|----------------------------------|----------|--------|
| | | Fourth Quarter Ended 31 December | | | Financial Year Ended 31 December | | |
| | | 2022 | 2021 | Change | 2022 | 2021 | Change |
| | | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| Continuing operations | | | | | | | |
| Revenue | E4 | 593 | 542 | 9 | 2,415 | 1,571 | 54 |
| Cost of sales | | (345) | (464) | (26) | (1,915) | (1,356) | 41 |
| Gross profit | | 248 | 78 | 219 | 500 | 215 | 133 |
| Other income | | 99 | 74 | 34 | 570 | 123 | 363 |
| Selling and distribution costs | | (29) | (27) | 7 | (133) | (89) | 49 |
| General and administrative costs | | (526) | (835) | (37) | (2,205) | (4,187) | (47) |
| Finance costs | | (77) | (129) | (40) | (287) | (457) | (37) |
| Other expenses | | (41) | (9) | 356 | (60) | (17) | 253 |
| Loss before tax, from continuing operations | E4 | (326) | (848) | (62) | (1,615) | (4,412) | (63) |
| Taxation | | (600) | (38) | 1479 | (600) | (40) | 1400 |
| Loss from continuing operations, net of tax | | (926) | (886) | 5 | (2,215) | (4,452) | (50) |
| Discontinued operation | | | | | | | |
| Profit/(loss) from discontinued operation, net of tax | | 1 | (73,664) | (100) | 98 | (73,399) | (100) |
| Loss for the year | | (925) | (74,550) | (99) | (2,117) | (77,851) | (97) |
| Other comprehensive income | | | | | | | |
| Items that may not be recycled to profit or loss | | | | | | | |
| Foreign currency translation gain/(loss) | | (305) | 183 | N.M. | (858) | 860 | N.M. |
| Total comprehensive loss for the year | | (1,230) | (74,367) | (98) | (2,975) | (76,991) | (96) |
| Net profit/(loss) for the year attributable to: | | | | | | | |
| Owners of the Company | | | | | | | |
| - Continuing operations, net of tax | | (924) | (912) | 1 | (2,189) | (4,452) | (51) |
| - Discontinued operation, net of tax | | 1 | (61,779) | (100) | 98 | (61,514) | (100) |
| | | (923) | (62,691) | (99) | (2,091) | (65,966) | (97) |
| Total comprehensive (loss) for the period attributable to: | | | | | | | |
| Owners of the Company | | (1,240) | (62,546) | (98) | (2,974) | (65,144) | (95) |
| Non-controlling interest | | 10 | (11,821) | (100) | (1) | (11,847) | (100) |
| Total comprehensive loss for the year | | (1,230) | (74,367) | (98) | (2,975) | (76,991) | (96) |
| Attributable to owners of the Company | | | | | | | |
| Total comprehensive income/(loss) for the year from | | | | | | | |
| - Continuing operations, net of tax | | (1,241) | (1,020) | 22 | (3,072) | (3,883) | (21) |
| - Discontinued operation, net of tax | | 1 | (61,526) | (100) | 98 | (61,261) | (100) |
| Total comprehensive income/(loss) for the year attributable to owners of the Company | | (1,240) | (62,546) | (98) | (2,974) | (65,144) | (95) |

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

| | Group | | | |
|---|----------------------|--------|----------------------|--------|
| | Fourth Quarter Ended | | Financial Year Ended | |
| | 31 December | | 31 December | |
| Earning/(loss) per share | 2022 | 2021 | 2022 | 2021 |
| Earning/(loss) per share for the year attributable to the owner of the Company: | | | | |
| Basic earning/(loss) per share (cents) | | | | |
| - from continuing operations | (0.09) | (0.09) | (0.21) | (0.43) |
| - from discontinued operation | 0.00 | (5.99) | 0.01 | (5.96) |
| | (0.09) | (6.08) | (0.20) | (6.39) |
| Diluted earning/(loss) per share (cents) | | | | |
| - from continuing operations | (0.09) | (0.09) | (0.21) | (0.43) |
| - from discontinued operation | 0.00 | (5.99) | 0.01 | (5.96) |
| | (0.09) | (6.08) | (0.20) | (6.39) |

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

In the fourth quarter ended 31 December 2022 (“4Q2022”), the Group recorded a translation loss of \$0.31 million due to the strengthening of SGD against RMB.

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 | | | | | |
|---|----------------------------------|----------|--------|----------------------------------|----------|--------|
| | Fourth Quarter Ended 31 December | | | Financial Year Ended 31 December | | |
| | 2022 | 2021 | Change | 2022 | 2021 | Change |
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| Interest income | 15 | - | N.M. | 153 | 2 | N.M. |
| Government grants | - | 6 | (100) | 7 | 16 | (59) |
| Interest expenses | | | | | | |
| - continuing operations | (77) | (129) | (39) | (287) | (457) | (37) |
| - discontinued operations | (17) | (36) | (53) | (121) | (137) | (12) |
| Interest on loan from a substantial shareholder | - | (9) | (100) | - | (24) | (100) |
| Interest on loan from a director | - | (32) | (100) | - | (104) | (100) |
| Amortisation and depreciation | | | | | | |
| - continuing operations * | (42) | (116) | (64) | (287) | (455) | (37) |
| Impairment on prepayments and other receivables | (41) | - | N.M. | (41) | - | N.M. |
| Reversal of impairment on prepayments and other receivables # | 89 | - | N.M. | 89 | 24 | >100 |
| Impairment on assets of disposal group | - | (90,066) | (100) | - | (90,066) | (100) |
| Writeback of deferred tax liabilities | - | 16,383 | (100) | - | 16,383 | (100) |
| (Loss)/gain on disposal of property, plant and equipment | - | - | - | - | (9) | (100) |
| Foreign exchange loss * | (246) | (252) | (2) | - | (458) | (100) |
| Foreign exchange gain # | - | - | - | 445 | - | N.M. |

N.M. - Not Meaningful

* - Included in general and administrative costs

- Included in other income

B. Condensed interim statements of financial position

| | | Group | | Company | |
|--|------|---------------------|---------------------|---------------------|---------------------|
| | | As at | | As at | |
| | Note | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Right-of-use assets | E7 | 1,295 | 1,481 | - | - |
| Property, plant and equipment | E8 | 8,983 | 10,353 | - | - |
| Other receivables and prepayments | | 8 | 8 | - | - |
| Investment in subsidiaries | | - | - | 9,400 | 9,400 |
| | | 10,286 | 11,842 | 9,400 | 9,400 |
| Current assets | | | | | |
| Inventories | | 223 | 153 | - | - |
| Trade receivables | | 72 | 61 | 72 | 60 |
| Other receivables and prepayments | | 636 | 438 | 78 | 110 |
| Amounts due from subsidiaries | | - | - | - | 517 |
| Cash and cash equivalents | | 757 | 2,876 | 81 | 413 |
| | | 1,688 | 3,528 | 231 | 1,100 |
| Assets of disposal group | E10 | - | - | - | - |
| Non-current assets classified as held for sale | E11 | 5,805 | 6,476 | - | - |
| | | 7,493 | 10,004 | 231 | 1,100 |
| Total Assets | | 17,779 | 21,846 | 9,631 | 10,500 |
| EQUITY | | | | | |
| Share capital | E13 | 78,283 | 78,283 | 78,283 | 78,283 |
| Reserves | D | (77,861) | (74,888) | (74,627) | (73,793) |
| Equity attributable to owners of the Company | | 422 | 3,395 | 3,656 | 4,490 |
| Non-controlling interest | | (2,538) | (2,537) | - | - |
| Total equity | | (2,116) | 858 | 3,656 | 4,490 |
| LIABILITIES | | | | | |
| Non-current liabilities | | | | | |
| Deferred tax liabilities | | 1,487 | 1,104 | - | - |
| Deferred income | | 1,869 | 2,085 | - | - |
| Provision for reinstatement cost | | 27 | 27 | - | - |
| Lease liability | | 81 | 108 | - | - |
| | | 3,464 | 3,324 | - | - |
| Current liabilities | | | | | |
| Trade payables | | 244 | 57 | - | - |
| Other payables | | 3,187 | 7,998 | 305 | 798 |
| Deferred income | | 6,048 | - | - | - |
| Contract liabilities | | 303 | 273 | - | - |
| Interest-bearing bank loans | E12 | 3,610 | 6,211 | - | - |
| Loan due to a director | | 1,792 | 1,792 | 1,751 | 1,751 |
| Loan due to a controlling shareholder | | 456 | 456 | 456 | 456 |
| Lease liability | | 27 | 25 | - | - |
| Amounts due to subsidiaries | | - | - | 3,463 | 3,005 |
| | | 15,667 | 16,812 | 5,975 | 6,010 |
| Liabilities of disposal group | E10 | 764 | 852 | - | - |
| | | 16,431 | 17,664 | 5,975 | 6,010 |
| Total Liabilities | | 19,895 | 20,988 | 5,975 | 6,010 |
| Total Equity and Liabilities | | 17,779 | 21,846 | 9,631 | 10,500 |

C. Condensed interim consolidated statement of cash flows

| | Note | Group | | | |
|---|------|-------------------|-------------------|-------------------|-------------------|
| | | Fourth Quarter | | Financial Year | |
| | | Ended 31 December | Ended 31 December | Ended 31 December | Ended 31 December |
| | | 2022 | 2021 | 2022 | 2021 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash flows from operating activities : | | | | | |
| Profit/(Loss) before taxation from | | | | | |
| - continuing operations | | (326) | (848) | (1,615) | (4,412) |
| - discontinued operations | | 1 | (90,047) | 98 | (89,782) |
| Loss before taxation | | (325) | (90,895) | (1,517) | (94,194) |
| Adjustments for : | | | | | |
| Depreciation and amortisation expenses | | 42 | 116 | 287 | 455 |
| Loss on disposal of property, plant and equipment | | - | - | - | 9 |
| Interest expense | | 94 | 165 | 408 | 594 |
| Impairment on assets of disposal group | | - | 90,066 | - | 90,066 |
| Impairment on prepayments and other receivables | | 41 | - | 41 | - |
| Reversal of impairment on prepayments and other receivables | | (89) | - | (89) | (24) |
| Interest income | | (15) | - | (153) | (2) |
| Unrealised exchange (gain)/loss | | (25) | - | (45) | 2 |
| Operating loss before working capital changes | | (277) | (548) | (1,068) | (3,094) |
| Change in inventories | | (177) | 10 | (70) | 91 |
| (Increase)/decrease in trade and other receivables | | 137 | 68 | (178) | (132) |
| Increase/(decrease) in trade and other payables | | (231) | (1,229) | (567) | 496 |
| Cash generated/(used in) operations | | (548) | (1,699) | (1,883) | (2,639) |
| Bank interest received | | - | - | 2 | 2 |
| Tax paid | | - | - | - | (46) |
| Net cash flows generated from/(used in) operating activities | | (548) | (1,699) | (1,881) | (2,683) |
| Cash flows from investing activities : | | | | | |
| Payments for property, plant and equipment | | - | - | - | (12) |
| Deposit received from disposal of property, plant and equipment and land | | - | 4,386 | - | 4,386 |
| Proceeds from disposal of property, plant and equipment and land | | 2,269 | - | 2,269 | 14 |
| Interest received from disposal of property, plant and equipment and land | | 151 | - | 151 | - |
| Net cash flows generated from/(used in) investing activities | | 2,420 | 4,386 | 2,420 | 4,388 |
| Cash flows from financing activities : | | | | | |
| Repayment of bank loan | | (5,893) | (4,462) | (8,022) | (6,449) |
| Proceeds from bank loan | | 3,795 | 4,036 | 5,924 | 6,023 |
| Net (increase)/decrease in pledged deposits | | (144) | (216) | 35 | (31) |
| Decrease/(increase) in restricted deposits | | - | (3) | - | (3) |
| Payments of lease liability | | (7) | (6) | (25) | (24) |
| Interest paid | | (93) | (128) | (407) | (467) |
| Loan from a controlling shareholder | | - | - | - | 432 |
| Loan from a director | | - | 150 | - | 775 |
| Net cash flows generated from/(used in) financing activities | | (2,342) | (629) | (2,495) | 256 |
| Net increase/(decrease) in cash and cash equivalents | | (470) | 2,058 | (1,956) | 1,961 |
| Cash and cash equivalents at beginning of period | | 769 | 237 | 2,297 | 330 |
| Effects of exchange rate changes on cash and cash equivalents | | (28) | 2 | (70) | 6 |
| Cash and cash equivalents at end of period | C1 | 271 | 2,297 | 271 | 2,297 |

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 December | |
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| | | |
| Cash and bank balances | 757 | 2,876 |
| Less: pledged deposits for bank loans | (282) | (352) |
| Less: restricted use of mining deposits | (204) | (227) |
| Cash and cash equivalents at end of period | 271 | 2,297 |

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 complete rehabilitation of the Group's mines.



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 reserves \$'000 | Non-controlling interest \$'000 | Total equity \$'000 |
|---|-------------------------|--------------------------|------------------------------|--|---------------------------------------|--------------------------|------------------------------------|------------------------|
| 2022 | | | | | | | | |
| Balance at 1 January 2022 | 78,283 | 850 | (79,099) | 1,811 | 1,550 | (74,888) | (2,537) | 858 |
| Total comprehensive loss for the period | - | - | (767) | 152 | - | (615) | (8) | (623) |
| Balance at 31 March 2022 | 78,283 | 850 | (79,866) | 1,963 | 1,550 | (75,503) | (2,545) | 235 |
| Total comprehensive loss for the period | - | - | (194) | (595) | - | (789) | 3 | (786) |
| Balance at 30 June 2022 | 78,283 | 850 | (80,060) | 1,368 | 1,550 | (76,292) | (2,542) | (551) |
| Total comprehensive income for the period | - | - | (207) | (122) | - | (329) | (6) | (335) |
| Balance at 30 September 2022 | 78,283 | 850 | (80,267) | 1,246 | 1,550 | (76,621) | (2,548) | (886) |
| Total comprehensive income for the period | - | - | (923) | (317) | - | (1,240) | 10 | (1,230) |
| Balance at 31 December 2022 | 78,283 | 850 | (81,190) | 929 | 1,550 | (77,861) | (2,538) | (2,116) |
| 2021 | | | | | | | | |
| Balance at 1 January 2021 | 78,283 | 850 | (13,133) | 989 | 1,550 | (9,744) | 9,310 | 77,849 |
| Total comprehensive loss for the period | - | - | (677) | (244) | - | (921) | - | (921) |
| Balance at 31 March 2021 | 78,283 | 850 | (13,810) | 745 | 1,550 | (10,665) | 9,310 | 76,928 |
| Total comprehensive loss for the period | - | - | (921) | 793 | - | (128) | (17) | (145) |
| Balance at 30 June 2021 | 78,283 | 850 | (14,731) | 1,538 | 1,550 | (10,793) | 9,293 | 76,783 |
| Total comprehensive loss for the period | - | - | (1,677) | 128 | - | (1,549) | (9) | (1,558) |
| Balance at 30 September 2021 | 78,283 | 850 | (16,408) | 1,666 | 1,550 | (12,342) | 9,284 | 75,225 |
| Total comprehensive loss for the period | - | - | (62,691) | 145 | - | (62,546) | (11,821) | (74,367) |
| Balance at 31 December 2021 | 78,283 | 850 | (79,099) | 1,811 | 1,550 | (74,888) | (2,537) | 858 |

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

| The Company | Share capital | Accumulated losses | Total equity |
|---|---------------|--------------------|--------------|
| | \$'000 | \$'000 | \$'000 |
| 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 income for the period | - | (160) | (160) |
| Balance at 31 December 2022 | 78,283 | (74,627) | 3,656 |
| 2021 | | | |
| Balance at 1 January 2021 | 78,283 | (36,892) | 41,391 |
| Total comprehensive loss for the period | - | (426) | (426) |
| Balance at 31 March 2021 | 78,283 | (37,318) | 40,965 |
| Total comprehensive loss for the period | - | (373) | (373) |
| Balance at 30 June 2021 | 78,283 | (37,691) | 40,592 |
| Total comprehensive loss for the period | - | (1,586) | (1,586) |
| Balance at 30 September 2021 | 78,283 | (39,277) | 39,006 |
| Total comprehensive loss for the period | - | (34,516) | (34,516) |
| Balance at 31 December 2021 | 78,283 | (73,793) | 4,490 |

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

The Company was incorporated in the Republic of Singapore on 3 January 2012 as a private company limited by shares under the name of “AsiaPhos Private Limited”. On 6 September 2013, the Company changed its name to “AsiaPhos Limited” in connection with its conversion to a public company limited by shares. The Company was listed on Catalist Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 7 October 2013.

The Company’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 business activities of the upstream segment, the Group’s continuing activities comprised only that of the trading of phosphate chemical products and commodity. Accordingly, the Group has included the trading of commodity as another segment of its reportable operating activities.

2. Basis of Preparation

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

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



Going concern

The Group incurred a net loss after tax of \$2.12 million in FY2022 (FY2021: \$77.85 million) and net cash used in operating activities of \$1.88 million in FY2022 (FY2021: \$2.68 million), respectively. Excluding the assets and liabilities of the disposal group, the Group's current liabilities exceeded its current assets by \$13.98 million (31 December 2021: \$13.28 million) as at 31 December 2022. The Company has accumulated losses of \$74.63 million (31 December 2021: \$73.79 million) as at 31 December 2022 and has a net current liability of \$5.74 million (31 December 2021: \$4.91 million) as at 31 December 2022. The above factors may indicate the existence of material uncertainty, which may cast significant doubt about the Group's and the Company's ability to continue as going concern.

The Board has taken into consideration the Group's plans (inter alia internal estimates of the value of P4 plants 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 generates cash flows from its trading activities comprising phosphate chemical products and commodity products.

(b) As announced on 1 November 2022, a wholly owned subsidiary, Sichuan Mianzhu Norwest Phosphate Co., Ltd ("Sichuan Mianzhu") has received the full proceeds of the disposal of its Sodium Tripolyphosphate ("STPP") plant and the associated land use rights (collectively "Phase 2 Factory Assets"). The proceeds of RMB31.50 million (approximately \$6.64 million) were used for the settlement of the Group's bank loans and for working capital. As at the balance sheet date, Sichuan Mianzhu is working towards the transferring of the 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 complete.

(c) The Group has received expressions of interest for the purchase of its P4 plant and land use rights. The Group is currently negotiating with three potential parties. The P4 plant and land use rights have been valued at approximately RMB81 million or approximately RMB24 million above its net book value. The compelling prices for P4 provides a favourable condition for an agreement to be reached.

(d) As at 31 December 2022, the Group has fully repaid the outstanding bank loans of RMB10.00 million (approximately \$2.06 million) to SPD Rural Bank. Further and as announced on 29 December 2022, Sichuan Mianzhu was able to renew its bank loan with Bohai Bank for another 12 months. Given the Group has not in the past defaulted on any of the loans extended to it, barring unforeseen circumstances, the Board expects that the Group will be able to obtain requisite financing for its operations.

(e) The Group's majority shareholders (being Dr Ong and Astute Ventures) have provided undertakings that they will not demand repayment of the loans provided by them and will continue to provide financial support including the capitalization 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 the date of this announcement.

(f) The Company is exploring potential fund raising.

(g) The Company and its wholly owned subsidiary, Norwest Chemicals Pte Ltd have 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.

(h) 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. The Company is entitled to file an appeal in the Swiss courts to set aside the 2 to 1 majority adverse ruling and is presently considering this and other dispute resolution options. Barring any unforeseen circumstances, the proceeds from the disposal of P4 plant and land use rights as discussed under note (c) above should be sufficient to pay the legal costs to China.

The Board confirmed 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.

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.

2.1. 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 2022. 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

The Group has ceased all business activity in the upstream segment and full impairment loss of the assets has been recognized in the year ended 31 December 2021. Accordingly, the segment information presented herein relates only to the downstream segment comprising the businesses of trading of phosphate chemical products and trading of commodity.

| | Note | Exploration, mining and sale of phosphate rocks | | Trading of phosphate chemical products | | Trading of non-chemical products | | Adjustments and eliminations | | Total | |
|---|------|---|----------|--|---------|----------------------------------|--------|----------------------------------|--------|----------------------------------|---------|
| | | Financial Year Ended 31 December | | Financial Year Ended 31 December | | Financial Year Ended 31 December | | Financial Year Ended 31 December | | Financial Year Ended 31 December | |
| | | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue - external | 4a,b | - | 301 | 1,927 | 1,273 | 488 | 298 | - | (301) | 2,415 | 1,571 |
| 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 | | | | | | | | | | | |
| Loss on disposal of property, plant and equipment | | - | - | - | (9) | - | - | - | - | - | (9) |
| Depreciation and amortisation expenses | | - | - | (287) | (455) | - | - | - | - | (287) | (455) |
| Interest income | 4c | 151 | - | - | - | - | - | (149) | 2 | 2 | 2 |
| Rental income | | 69 | 206 | - | - | - | - | (69) | (206) | - | - |
| Interest expense | | (121) | (137) | (287) | (457) | - | - | 121 | 137 | (287) | (457) |
| Impairment on prepayments and other receivables | | - | - | (41) | - | - | - | - | - | (41) | - |
| Reversal of impairment on prepayments and other receivables | | - | - | 89 | 24 | - | - | - | - | 89 | 24 |
| Impairment on assets of disposal group | | - | (90,066) | - | - | - | - | - | 90,066 | - | - |
| Segment profit/(loss) before tax | | 98 | (89,782) | (125) | (3,872) | 100 | 60 | (1,688) | 89,182 | (1,615) | (4,412) |

Note:

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

4b – The amounts relating to Upstream segment – Exploration, mining and sale of phosphate rocks, 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 | |
| | Financial Year Ended 31 December | | As at 31 December | |
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| People's Republic of China | 8 | 370 | 10,253 | 11,790 |
| India | 1,434 | 868 | - | - |
| Ireland | 488 | 298 | - | - |
| Egypt | 161 | 106 | - | - |
| Japan | 113 | - | - | - |
| Malaysia | 78 | - | - | - |
| Singapore | - | - | 33 | 52 |
| Others | 133 | 230 | - | - |
| | 2,415 | 1,872 | 10,286 | 11,842 |
| Less: Discontinued operations | - | (301) | - | - |
| | 2,415 | 1,571 | 10,286 | 11,842 |

Information about major customers

| | Group | | | |
|------------|----------------------------------|--------------|----------------------------------|--------------|
| | Financial Year Ended 31 December | | Financial Year Ended 31 December | |
| | 2022 | | 2021 | |
| | \$'000 | % of revenue | \$'000 | % of revenue |
| | | | | |
| Revenue | | | | |
| Customer A | 1,364 | 56% | 868 | 55% |
| Customer B | 488 | 20% | 298 | 19% |
| Customer C | 161 | 7% | 106 | 7% |

Information about products

| | Group | |
|------------------------------------|----------------------------------|--------|
| | Financial Year Ended 31 December | |
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| | | |
| Sodium Trimetaphosphate (STMP) | 1,892 | 1,176 |
| Sodium Hexametaphosphate (SHMP) | 35 | 97 |
| Commodity product | 488 | 298 |
| Revenue from continuing operations | 2,415 | 1,571 |



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 | The Group | | The Company | |
|--|------|-------------|-------------|-------------|-------------|
| | | 31 December | 31 December | 31 December | 31 December |
| | | 2022 | 2021 | 2022 | 2021 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| <u>Financial assets at amortised cost</u> | | | | | |
| Other receivables | 5a | 24 | 82 | 24 | 57 |
| Trade receivables | | 72 | 61 | 72 | 60 |
| Amounts due from subsidiaries | | - | - | - | 517 |
| Cash and bank balances | | 757 | 2,876 | 81 | 413 |
| | | 853 | 3,019 | 177 | 1,047 |
| <u>Financial liabilities at amortised cost</u> | | | | | |
| Trade and other payables | 5b | 3,431 | 3,669 | 305 | 798 |
| Interest-bearing bank loans | | 3,610 | 6,211 | - | - |
| Loan due to a director | | 1,792 | 1,792 | 1,751 | 1,751 |
| Loan due to a controlling shareholder | | 456 | 456 | 456 | 456 |
| Lease liability | | 108 | 133 | - | - |
| Amounts due to subsidiaries | | - | - | 3,463 | 3,005 |
| | | 9,397 | 12,261 | 5,975 | 6,010 |

Note 5a:

| | The Group | | The Company | |
|-----------------------------------|-------------|-------------|-------------|-------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Other receivables and prepayments | 636 | 438 | 78 | 110 |
| Less: Prepayments | (612) | (356) | (54) | (53) |
| Other receivables | 24 | 82 | 24 | 57 |

Note 5b:

| | The Group | | The Company | |
|---|-------------|-------------|-------------|-------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Trade payables | 244 | 57 | - | - |
| Other payables | 3,187 | 7,998 | 305 | 798 |
| | 3,431 | 8,055 | 305 | 798 |
| Less: Payments for disposal of P2 Factory Assets | - | (4,386) | - | - |
| Trade and other payables excluding payments for disposal of P2 Factory Assets | 3,431 | 3,669 | 305 | 798 |

6. Taxation

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

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

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:

| | The Group | | | |
|---|----------------------------------|----------------|----------------------------------|----------------|
| | Fourth Quarter Ended 31 December | | Financial Year Ended 31 December | |
| | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 |
| Continuing operations | | | | |
| Current income tax expense | (99) | - | (99) | - |
| Deferred income tax expense | | | | |
| Write-off of deferred tax asset recognized in prior years | (501) | - | (501) | - |
| Origination of temporary differences | - | (38) | - | (40) |
| Income tax attributable to continuing operations | (600) | (38) | (600) | (40) |
| Discontinued operations | | | | |
| Reversal of deferred tax liabilities | - | 16,383 | - | 16,383 |
| Income tax attributable to discontinued operations | - | 16,383 | - | 16,383 |

7. Right-of-use assets

| | Land use rights | Office premises | Total |
|--|-----------------|-----------------|--------------|
| The Group | \$'000 | \$'000 | \$'000 |
| Cost | | | |
| At 1 January 2021 | 4,709 | 381 | 5,090 |
| Transfer to non-current assets classified as held for sale | (3,119) | - | (3,119) |
| Currency realignment | 262 | - | 262 |
| At 31 December 2021 | 1,852 | 381 | 2,233 |
| Additions | - | - | - |
| Disposal | - | - | - |
| Currency realignment | (192) | - | (192) |
| At 31 December 2022 | 1,660 | 381 | 2,041 |
| Accumulated depreciation and impairment losses | | | |
| At 1 January 2021 | 669 | 381 | 1,050 |
| Depreciation expense | 96 | - | 96 |
| Transfer to non-current assets classified as held for sale | (435) | - | (435) |
| Currency realignment | 41 | - | 41 |
| At 31 December 2021 | 371 | 381 | 752 |
| Depreciation expense | 36 | - | 36 |
| Disposal | - | - | - |
| Currency realignment | (42) | - | (42) |
| At 31 December 2022 | 365 | 381 | 746 |
| Net carrying amount | | | |
| At 31 December 2022 | 1,295 | - | 1,295 |
| At 31 December 2021 | 1,481 | - | 1,481 |

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

As at the respective year ends, the land use rights was 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

During the financial year ended 31 December 2022, the Group acquired assets at cost of \$Nil (31 December 2021: \$12,000) and disposed of assets with net book value of \$Nil (31 December 2021: \$23,000).

9. Amounts due from subsidiaries

During the financial year ended 31 December 2022, the Company assessed the recoverability of the amounts due from a subsidiary. Based on this assessment, the Company recognised a full impairment loss of \$42,000 (2021: \$Nil) for the receivables due from the subsidiary.

10. Disposal group and discontinued operation

Assets and liabilities of disposal group

The assets and liabilities of the disposal group relate to Mine 2 of Sichuan Mianzhu Norwest Phosphate Chemical Co., Ltd (“Sichuan Mianzhu”) and the mine of Deyang Fengtai Mining Co., Ltd. (“Fengtai Mine”) and the Sichuan Mianzhu’s Mine 1 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 21 February 2023 regarding the status of the arbitration.

In the financial year ended 2021, the Group recorded a full impairment loss on the book value of the Mining Assets of \$90.00 million and reversed the related tax liabilities of \$16.38 million. The remaining liabilities recorded under “Liabilities of disposal group” represent the provisions for reinstatement costs. As at 31 December 2022, the disposal of the Mining Assets has not been completed.

Results of discontinued operation

The results of discontinued operation for the financial years ended 31 December 2022 and 2021 are as follows:

| | Discontinued operations | |
|---|---|---------------|
| | Financial Year Ended 31 December | |
| The Group | 2022 | 2021 |
| | \$'000 | \$'000 |
| <u>Profit or loss</u> | | |
| Revenue | - | 301 |
| Cost of sales | - | (86) |
| Gross profit | - | 215 |
| Other income | 219 | 206 |
| Finance costs | (121) | (137) |
| Other expenses - Impairment loss on Mining Assets | - | (90,066) |
| Profit/(loss) before tax | 98 | (89,782) |
| Tax credit | - | 16,383 |
| Profit/(loss), net of tax | 98 | (73,399) |

The cash flows attributed to discontinued operation for the financial years ended 31 December 2022 and 2021 are as follows:

| | Group | | | |
|--|-------------------|----------|-------------------|----------|
| | Fourth Quarter | | Financial Year | |
| | Ended 31 December | | Ended 31 December | |
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash flows from operating activities : | | | | |
| Profit before taxation | 1 | (90,047) | 98 | (89,782) |
| Adjustments for : | | | | |
| Unrealised exchange gain/(loss) | - | - | - | - |
| Interest expense | 17 | 35 | 121 | 137 |
| Impairment on assets of disposal group | - | 90,066 | - | 90,066 |
| Other income | (18) | (53) | (219) | (206) |
| Net cash flows generated from/(used in) operating activities | - | 1 | - | 215 |
| Cash flows from investing activities : | | | | |
| Interest income | 151 | - | 151 | - |
| Rental income | - | - | 69 | 208 |
| Net cash flows generated from/(used in) investing activities | 151 | - | 220 | 208 |
| Cash flows from financing activities : | | | | |
| Net (increase)/decrease in pledged deposits | 56 | (35) | 30 | (64) |
| Interest paid | (17) | (35) | (121) | (137) |
| Net cash flows generated from/(used in) financing activities | 39 | (70) | (91) | (201) |
| Net increase/(decrease) in cash and cash equivalents | 190 | (69) | 129 | 221 |

11. Non-current assets classified as held for sale

Non-current assets classified as held for sale relates to the disposal of Phase 2 Factory Assets. As at the balance sheet date, the Group had received the full sales considerations of RMB 31.50 million (approximately \$6.64 million). The Management is in the midst of transferring the Phase 2 Factory Assets and the title thereto to the Purchaser and will make the requisite announcement when the transaction is completed.

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

| | 31 December 2022 | 31 December 2021 |
|--|---------------------|---------------------|
| The Group | \$'000 | \$'000 |
| Right-of-use asset (land use rights) | 2,406 | 2,684 |
| Property, plant and equipment | 3,399 | 3,792 |
| Non-current assets classified as held for sale | 5,805 | 6,476 |

12. Interest-bearing bank loans

| | Group | | | |
|-----------------------------------|------------------|-----------|------------------|-----------|
| | 31 December 2022 | | 31 December 2021 | |
| | Secured | Unsecured | Secured | Unsecured |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Amount repayable | | | | |
| In one year or less, or on demand | 3,610 | - | 6,211 | - |
| After one year | - | - | - | - |
| | 3,610 | - | 6,211 | - |

As at 31 December 2022, the interest bearing bank loan is secured by:

- (i) land use rights with a carrying value of \$1.29 million (RMB 6.72 million) (31 December 2021: \$1.48 million (RMB 6.92 million));
- (ii) various Elemental phosphorus (“P4”) property, plant and equipment with a carrying value of \$8.95 million (RMB 46.61 million) (31 December 2021: \$10.31 million (RMB 48.13 million)); and
- (iii) a corporate guarantee of \$3.65 million (RMB 19 million) (31 December 2021: \$4.07 million (RMB 21.05 million)) by the Company.

13. Share capital

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

14. Related Parties Transactions

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

15. Reclassification of Current Period Condensed Financial Statements

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

| | | Fourth quarter ended 31 December 2021 | | Financial year ended 31 December 2021 | |
|---|-------|---|-----------------------|--|-----------------------|
| The Group | Note | As aligned with the Audited Financial Statements \$'000 | As restated \$'000 | Audited Financial Statements \$'000 | As restated \$'000 |
| Continuing operations | | | | | |
| Revenue | 15a | 482 | 542 | 1,273 | 1,571 |
| Cost of sales | 15a | (415) | (464) | (1,119) | (1,356) |
| Gross profit | | 67 | 78 | 154 | 215 |
| Other income | 15a,b | 188 | 74 | 629 | 123 |
| Finance costs | 15c | (166) | (129) | (596) | (457) |
| Other expenses | 15a | (58) | (9) | (254) | (17) |
| Loss from continuing operations, net of tax | 15b,c | (869) | (886) | (4,383) | (4,452) |
| Discontinued operation | | | | | |
| Profit from discontinued operation, net of tax | 15b,c | (73,681) | (73,664) | (73,468) | (73,399) |

Note:

15(a) – Income of \$298,000 and expenses of \$237,000 related to the trading of commodity products were reclassified from Other Income and Other Expenses to Revenue and Cost of Sales respectively, in line with current period presentation.

15(b) – Rental income of \$208,000 related to the non-current assets classified as held for sale were reclassified from Continuing operations to Discontinued operation to conform with current period presentation.

15(c) – Interest expense of \$139,000 related to the disposal group were reclassified from Continuing operations to Discontinued operation to conform with current period presentation.

16. Events Occurring After The Reporting Period

Incorporation of a subsidiary

On 2 February 2023, the Group announced the incorporation of a wholly owned subsidiary, AP New Energy Pte Ltd (the “New Subsidiary”) which principal activity is investment holding and business development. The incorporation is funded through the Group’s internal resources and the initial issued and paid-up capital of the New Subsidiary is \$2.00, comprising of 2 ordinary shares.

Loan from a director

On 2 February 2023, Dr. Ong Hian Eng (“Dr. Ong”) extended a loan of \$100,000 to the Company for working capital. This loan is unsecured, repayable on demand and will bear interest at 10% per annum. For avoidance of doubt, there will be no interest payable or accrued for this 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, *inter alia*, payment of interest for the new loan from Dr Ong.

International arbitration

On 17 February 2023, the Group's lawyers informed the Company that the International Arbitration Tribunal (the "Tribunal") issued a ruling on jurisdiction.

In summary, the Board would like to inform that, in a 2 to 1 majority decision, the Tribunal determined that Article 13(3) of the China-Singapore Bilateral Investment Treaty (1985) (the "Treaty") does not afford jurisdiction over the Group's expropriation claims and Article 4 of the Treaty does not afford jurisdiction over the Group's remaining claims. The Tribunal's jurisdictional ruling only applies to arbitration under the Treaty and did not address the merits of the claims. The Tribunal also ordered the Group to reimburse China the sums of USD0.28 million and RMB 6.35 million in legal costs related to the arbitration.

The Group is considering the feasibility of pursuing its claims against China in other forums, including future litigation in Chinese courts in advance of or in conjunction with a new international arbitration under the ASEAN Investment Treaty or the China-Singapore Free Trade Agreement. Further, the Group is entitled to file an appeal in the Swiss courts to seek the set aside or revision of the Tribunal's jurisdictional award. The lawyers are reviewing the Tribunal's ruling and will advise the Company on its options.

There are no known subsequent events including the aforementioned events which will result in adjustments to this set of interim financial statements. Please refer to the Company's announcement dated 21 February 2023.

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

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

As at 31 December 2022 and 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 31 December 2022 and 2021.

As at 31 December 2022 and 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 | |
|---|------------------|------------------|
| | 31 December 2022 | 31 December 2021 |
| 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 2021 were subjected to a disclaimer opinion by the independent auditor of the Company (the "Auditor"). The following matters were included in the said audit opinion:

i) Going concern

Update:

The Board has taken into consideration the Group's plans as disclosed 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 operation

Update:

Significant uncertainties continue to exist.

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

Update:

The management had assessed the recoverable amounts of the P4 plant and ROU assets and is of the opinion that no provision for impairment loss on the P4 plant and ROU assets were required in the financial year ended 31 December 2022.

The Group will continue to assess the recoverable amounts of the P4 plant and ROU assets.

iv) Impairment of investment in subsidiaries and recoverability of amount due from a subsidiary

Update:

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 expression of buyers'

interests for the P4 plant and the estimated cost of disposal of the P4 plant. 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 year ended 31 December 2022.

Having considered the recoverability of the amount due from a subsidiary, the Company recognized an impairment loss of \$42,000 in the financial year ended 31 December 2022.

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 2021.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group and the Company have adopted the new and revised Singapore Financial Reporting Standards (International) (“SFRS(I)”) and Interpretations of Singapore Financial Reporting Standards (International) (“INT SFRS(I)”) that are mandatory for the financial period beginning on 1 January 2022. The adoption of these new/revised SFRS(I), INT SFRS(I) and amendments to SFRS(I) has no material impact on the financial performance or position of the Group and the Company.



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

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

| | The Group | | | |
|--|-------------------------------------|-----------|-------------------------------------|-----------|
| | Fourth Quarter Ended 31 December | | Financial Year Ended 31 December | |
| | 2022 | 2021 | 2022 | 2021 |
| Profit/(loss) attributable to owners of the Company used in the computation of basic earnings per share (\$'000) | | | | |
| - from continuing operations | (924) | (912) | (2,189) | (4,452) |
| - from discontinued operation | 1 | (61,779) | 98 | (61,514) |
| | (923) | (62,691) | (2,091) | (65,966) |
| Weighted average number of ordinary shares for basic earnings/(loss) per share ('000) | 1,031,525 | 1,031,525 | 1,031,525 | 1,031,525 |
| Basic earnings/(loss) per share (cents) | | | | |
| - from continuing operations | (0.09) | (0.09) | (0.21) | (0.43) |
| - from discontinued operation | 0.00 | (5.99) | 0.01 | (5.96) |
| | (0.09) | (6.08) | (0.20) | (6.39) |

As at 31 December 2022 and 2021, there were no dilutive instruments.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and**
(b) immediately preceding financial year.

| | The Group | | The Company | |
|--|---------------------|---------------------|---------------------|---------------------|
| | As at | | As at | |
| | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| Net asset / (net liabilities) value (\$'000) | (2,116) | 858 | 3,656 | 4,490 |
| Number of ordinary shares ('000) | 1,031,525 | 1,031,525 | 1,031,525 | 1,031,525 |
| Net asset / (net liabilities) value per ordinary share (cents) | (0.21) | 0.08 | 0.35 | 0.44 |

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

The figures in this section where applicable, have been rounded to the nearest two (2) decimal place.

Statement of Profit of Loss

A review of the performance of the Group in Q42022 compared to the corresponding period in 2021.

Revenue, cost of goods sold and gross profit

The Group recorded a higher trading revenue in 4Q2022 mainly due to higher 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, gross profit increased from \$0.08 million in 4Q2021 to \$0.25 million in 4Q2022.

Other income

Increase in other income was mainly related to the reversal of impairment on prepayment and other receivables.

Selling and distribution costs

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

General and administrative costs

General and administrative expenses reduced by \$0.30 million due to the funding received from the US based Fund for its professional and legal fees associated with the arbitration.

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 by \$0.06 million mainly due to the absence of accrual of interests on loans from a director and a controlling shareholder and savings on loan interest expenses following the settlement of the bank loans in the last quarter of 2022.

Taxation

Increase in tax expense was mainly due to the write-off of deferred tax assets recognised in prior years.

A review of the performance of the Group in FY2022 compared to the corresponding financial year FY2021.

Revenue, cost of goods sold and gross profit

The Group recorded an improvement in trading revenue mainly due to higher 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, gross profit margin was 21% compared to 14% in the prior year.

Other income

Increase in other income was mainly attributed to foreign exchange gain recorded following the weakening of RMB against SGD during the year.

Selling and distribution costs

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

General and administrative costs

General and administrative expenses reduced by \$1.98m due to the funding received from the US based Fund for its professional and legal fees associated with the arbitration.

Finance costs

Finance costs reduced by \$0.17 million mainly due to the absence of accrual of interests on loans from a director and a controlling shareholder and savings on loan interest expenses following the settlement of the bank loans in 2022.

Taxation

Increase in tax expense was mainly due to the write-off of deferred tax assets recognised in prior years.

Statement of Financial Position

A review of the performance of the Group as at 31 December 2022 compared to 31 December 2021.

Non-current assets

Non-current assets decreased by \$1.56 million y-o-y mainly due to the amortization and depreciation of the right-of-use asset and property, plant and equipment and the effects of the translation difference as a result of the weakening of the RMB against SGD.

Current assets

Inventory levels were higher as at 31 December 2022 mainly due to stock ups to cater for the earlier Lunar New Year periods in 2023.

The increase in other receivables and prepayments as at 31 December 2022 was attributed mainly to the taxation paid in advance for the disposal of the Phase 2 Factory Assets.

Cash and bank balances decreased by \$2.12 million mainly due to the repayment of two interest-bearing bank loans of \$4.98 million during the year ended 2022 and the absence of loans from a controlling shareholder and a director.

Changes in the non-current assets classified as held for sale were mainly due to lower carrying value when translated to SGD due to the weakening of the RMB against SGD.

Non-current liabilities

As at 31 December 2022, deferred income comprised of government grants received in relation to certain plant and equipment. The decrease was mainly due to the lower carrying value of the deferred income due to the weakening of the RMB against the SGD.

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 decreased by \$4.81 million mainly due to the absence of deposit received for the disposal of the Phase 2 Factory Assets and lower accruals for legal and professional fees for the arbitration. As at 31 December 2022, the deposit was presented in deferred income. The deferred income of \$6.05 million consist of the deposit and the remaining sale consideration received during the year.

Interest-bearing bank loans were lower by \$2.60 million due to the full repayment of the bank loan to SPD Rural Bank. As at the financial year ended 31 December 2022 there is 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 lower carrying value was mainly due to the weakening of the RMB against the SGD.

As at 31 December 2022, the Group's current liabilities exceeded its current assets by \$8.94 million (31 December 2021: \$7.66 million) mainly due to the lower cash and bank balances and increase in deferred income related to the disposal of Phase 2 Factory Assets.

Statement of Cash flow

A review of the performance of the Group in Q42022 compared to the corresponding period in 2021.

The Group's net cash flow used in operating activities was lower at \$0.55 million in 4Q2022 mainly due to higher inventory levels, decrease in trade and other payables and trade and other receivables.

Net cashflows generated from investing activities related mainly to the receipt of the balance sale consideration and interests from the purchaser of the Phase 2 Factory Assets amounted to \$2.26 million and \$0.15 million respectively. The aggregate of these sums at \$2.41 million was lower compared to the initial deposit of \$4.38 million made by the purchaser representing 65% of the sale consideration. As a result of these, net cashflows generated from investing activities were lower in 4Q2022 at \$2.42 million.

The Group has a higher net cash flow used in financing activities mainly from the repayment of interest-bearing bank loans of \$5.89 million. Although the Group also drew down loans of \$3.79 million from its banking facility, there was a net repayment of bank loans of \$2.10 million in 4Q2022. There were lower sums set aside in pledged deposits and lower interests paid for bank loans in 4Q2022 but this was off set by the absence of a loan from a director in the same period.

As a result of the above, there was a net decrease in cash and cash equivalents of \$0.47 million in 4Q2022.

A review of the performance of the Group in FY2022 compared to the corresponding financial year FY2021.

In FY2022, the Group had higher trading activities with increases in inventories. In addition, the Group made higher payments towards the legal and professional expenses during the year. However, this was set off by the funding received from the US based Fund for the legal and professional fees incurred during the year. As a result, the Group recorded a lower net cash used in operating activities for the financial year ended 2022.

Cash flows generated from investing activities was \$2.42 million in FY2022, mainly due to the receipt of the balance sale consideration and interests from the purchaser of the Phase 2 Factory Assets amounted to \$2.26 million and \$0.15 million respectively. The cash flow generated from investing activities was higher at \$4.39 million in FY2021. This was attributed to the initial deposit received which represented 65% of the sale consideration amounted to \$4.38 million, for the Phase 2 Factory Assets.

The Group had a net cash outflow from financing activities of \$2.50 million in FY2022 mainly from the repayment of interest-bearing bank loans and the absence of loans from a director and a controlling shareholder. In FY2021, loans received from a director and a controlling shareholder amounted to \$1.21 million. In FY2022, the Group repaid \$8.02 million in bank loans. Although the Group also drew down \$5.92 million from its bank facilities, there was a net repayment of bank loans \$2.10 million (FY2021: \$0.43 million). Following the settlement of most of its bank loans during the year, the Group had lower interest payments and pledged deposits amounted to \$35,000 in FY2022 (FY2021: an increase of \$34,000).

As a result of the above, there was a net decrease in cash and cash equivalents of \$1.96 million in FY2022.

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

The Group unaudited results is in line with the profit guidance announcement on 17 February 2023.

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.

China has experienced widespread infections after it abruptly abandoned its stringent zero-Covid policy in early December 2022. The spread of the infections is expected to pose continuing challenges to supply and demand in China. This will be further compounded by the softening of the global economy in 2023. To mitigate the impacts to trading conditions, the Management will continue to try growing the market and geographical base of its phosphate chemical products.

Management will also continue to try to secure the sale of the P4 plant. The plant is newer compared to many other older and smaller P4 facilities which have been forced

to stop production by the authorities. As market conditions remain favorable, the Management expects that interests for the plant will continue to be strong and discussions with interested buyers are currently ongoing. Notwithstanding, there is no certainty that an agreement for the sale of this plant can be reached in the next reporting periods.

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 10 and 16 of Section E, the Group has a dispute with the Chinese Government. Please refer to the Company's announcement dated 21 February 2023. The Group will make the requisite announcements in accordance with the Catalist Listing Rules when there are material developments.

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 year ended 31 December 2022 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 2021, 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 |
| Total | \$1,600,000 |

As at 31 December 2022, the loans from Dr. Ong amounted to \$1,600,000 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.

On 2 February 2023, Dr Ong extended a further loan amounted to \$100,000 to the Company for working capital. The loan is unsecured, repayable on demand and bear interest at 10% per annum.

For avoidance of doubt, there was no interest payable or accrued during FY2022 for the previous loans from Dr Ong of \$1,600,000 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, and \$20,000 in September 2021. As at 31 December 2022, the loans from Astute Ventures amounted to \$432,870 and the interests accrued on these loans from April to December 2021 amounted to \$22,900. These loans were for the Company's working capital, are unsecured, repayable on demand and also bear interest at 8% per annum. For avoidance of doubt, there was no interest payable or accrued during FY2022 for the loans from Astute Ventures of \$432,870 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 had 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 – October 2021. As at the date of this announcement, the loans amounted to \$1,600,000 with interest accrued from August 2019 to December 2021, amounted to \$151,000.
- b) As explained in the previous paragraphs, Astute Ventures has extended several loans to the Company during April to September 2021. As at the date of this announcement, the loans amounted to \$432,870 with interest accrued from April to December 2021 amounted to \$22,900.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the 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.

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

See paragraph 8.

16. A breakdown of sales as follows:

| | Group | | Increase/ (decrease) % |
|--|------------------|------------------|------------------------------|
| | FY2022 \$'000 | FY2021 \$'000 | |
| a) Revenue | | | |
| i) from continuing operations | | | |
| H1 | 1,279 | 629 | 103 |
| H2 | 1,136 | 942 | 21 |
| | 2,415 | 1,571 | 54 |
| ii) from discontinued operations | | | |
| H1 | - | - | - |
| H2 | - | 301 | (100) |
| | - | 301 | (100) |
| Total | 2,415 | 1,872 | 29 |
| (b) Operating profit /(loss) after tax before deducting non-controlling interests | | | |
| i) from continuing operations | | | |
| H1 | (1,043) | (1,650) | (37) |
| H2 | (1,172) | (2,802) | (58) |
| | (2,215) | (4,452) | (50) |
| ii) from discontinued operations | | | |
| H1 | 67 | 35 | 91 |
| H2 | 31 | (73,434) | N.M. |
| | 98 | (73,399) | N.M. |
| Total | (2,117) | (77,851) | (97) |

N.M. - Not Meaningful

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

Not applicable. No dividend was declared in the current and previous financial years.

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

| Name | Age | Family relationship with any director, CEO and/or substantial shareholder | Current position and duties, and the year the position was first held | Details of changes in duties and position held, if any, during the year |
|---------------------------------------|-----|--|--|---|
| Ong Hian Eng | 76 | (i) Uncle of Simon Ong. (ii) Father-in-law of Jaime Chiew , Chief Risk Officer. | (i) Current Position: Chief Executive Officer (“CEO”) and Executive Director. (ii) Duties: Responsible for overseeing the overall development of Group’s corporate direction, policies and operations. (iii) Appointed since 3 January 2012. | Not applicable |
| Ong Eng Hock Simon (“Simon Ong”) | 58 | Nephew of Ong Hian Eng, CEO and Executive Director. | (i) Current Position: Non-Executive Director. (ii) Duties: Non-executive. (iii) Appointed since 1 July 2019. | Not applicable |
| Jaime Chiew Chi Loong (“Jaime Chiew”) | 46 | Son-in-law of Ong Hian Eng, CEO and Executive Director. | (i) Current Position: Chief Risk Officer. (ii) Duties: primarily be responsible for overseeing the Group’s risk management activities, budgeting process and monitoring of key performance indicators. (iii) Appointed since 2 September 2014. | Not applicable |

On behalf of the Board,

Dr Ong Hian Eng
CEO and Executive Director

Ong Eng Hock Simon
Director

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

