



Anchun International Holdings Ltd.

(Incorporated in Singapore)

(Company registration number: 200920277C)

**Condensed Interim Financial Statements
For the six months and full year ended 31 December 2023**

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**A. Unaudited condensed consolidated statement of profit or loss and other comprehensive income
For the six months and full year ended 31 December 2023**

The Group's operations are principally conducted in the People's Republic of China ("PRC"). Accordingly, the condensed consolidated financial statements have been prepared in Chinese Renminbi ("RMB"), being the functional currency of the Company and its subsidiary.

	Group			Group			
	Unaudited Second half year ended 31/12/2023 RMB'000	Unaudited 31/12/2022 RMB'000	Change %	Unaudited Full year ended 31/12/2023 RMB'000	Audited 31/12/2022 RMB'000	Change %	
Revenue	58,888	100,283	(41)	133,622	182,766	(27)	
Cost of sales	(43,386)	(66,356)	(35)	(102,890)	(129,289)	(20)	
Gross profit	15,502	33,927	(54)	30,732	53,477	(43)	
Other items of income							
Finance and other income	5,553	7,802	(29)	8,230	10,772	(24)	
Write-back of impairment losses on trade receivables, net	1,552	639	143	135	1,404	(90)	
Write-back of /(impairment) losses on contract assets, net	–	–	–	117	(1,688)	N.M	
Other items of expenses							
Marketing and distribution expenses	(3,833)	(3,533)	8	(6,643)	(6,263)	6	
Administrative expenses	(11,985)	(10,699)	12	(22,375)	(20,021)	12	
Research expenses	(5,264)	(5,097)	3	(7,994)	(7,029)	14	
Other operating expense	–	(22)	(100)	–	(179)	(100)	
Finance costs							
- Bank charges	(2)	(1)	100	(7)	(3)	133	
Profit before tax	1,523	23,016	(93)	2,195	30,470	(93)	
Income taxation	205	298	(31)	192	(223)	N.M	
Total comprehensive income for the period/year attributable to owners of the Company	1,728	23,314	(93)	2,387	30,247	(92)	
Earnings per share (RMB cents):							
Basic	17	3.67	48.98	(93)	5.06	63.49	(92)
Diluted	17	3.67	48.98	(93)	5.06	63.49	(92)

N.M. - not meaningful

B. Unaudited condensed statements of financial position
As at 31 December 2023

	Note	Group			Company		
		Unaudited 31/12/2023 RMB'000	Audited 31/12/2022 RMB'000	Change %	Unaudited 31/12/2023 RMB'000	Audited 31/12/2022 RMB'000	Change %
ASSETS							
Non-current assets							
Property, plant and equipment	11	41,750	44,740	(7)	–	–	–
Intangible assets	9	213	570	(63)	–	–	–
Investment in a subsidiary		–	–	–	75,631	75,631	–
Investment properties	12	2,487	3,117	(20)	–	–	–
Right of use asset	10	11,518	11,883	(3)	–	–	–
Prepayments		40	255	(84)	–	–	–
		56,008	60,565	(8)	75,631	75,631	–
Current assets							
Inventories		24,425	31,757	(23)	–	–	–
Trade and other receivables	13	43,108	55,431	(22)	37,886	37,860	0.1
Contract assets	4.4	88,777	82,419	8	–	–	–
Prepayments		3,539	3,271	8	55	61	(10)
Short term deposits		100,000	60,000	67	–	–	–
Cash and cash equivalents	15	79,018	115,748	(32)	6,669	16,068	(58)
		338,867	348,626	(3)	44,610	53,989	(17)
Total assets		394,875	409,191	(3)	120,241	129,620	(7)
EQUITY AND LIABILITIES							
Current liabilities							
Trade and other payables		36,719	40,795	(10)	12,793	12,596	2
Contract liabilities	4.4	35,412	39,795	(11)	–	–	–
Other liabilities		20,264	20,988	(3)	833	803	4
Income tax payable		3,273	4,310	(24)	–	–	–
		95,668	105,888	(10)	13,626	13,399	2
Net current assets		243,199	242,738	0.2	30,984	40,590	(24)
Total liabilities		95,668	105,888	(10)	13,626	13,399	2
Net assets		299,207	303,303	(1)	106,615	116,221	(8)
Equity attributable to owners of the Company							
Share capital	16	149,278	149,278	–	149,278	149,278	–
Treasury/employee benefit trust shares		(4,994)	(4,197)	19	(4,994)	(4,197)	19
Other reserves		128,857	128,640	0.2	(10)	(10)	–
Accumulated profits/(losses)		26,066	29,582	(12)	(37,659)	(28,850)	31
Total equity		299,207	303,303	(1)	106,615	116,221	(8)
Total equity and liabilities		394,875	409,191	(3)	120,241	129,620	(7)

C. Unaudited condensed statements of changes in equity
For the year ended 31 December 2023

Statement of Changes in Equity

	Share Capital	Treasury/ Employee benefit trust shares	Other reserves	Loss on reissuance of EBT shares	Contribution from shareholder	Statutory reserve fund	Statutory reserve fund - safety production reserve	Merger reserve	Accumulated profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group Audited										
Balance at 1 January 2022	149,278	(3,391)	125,817	(10)	1,725	42,828	6,274	75,000	2,224	273,928
Profit for the year, representing total comprehensive income	—	—	—	—	—	—	—	—	30,247	30,247
Purchase of treasury share	—	(806)	—	—	—	—	—	—	—	(806)
<u>Others</u>										
Transfer to statutory reserve, net	—	—	1,994	—	—	1,994	—	—	(1,994)	—
Transfer to statutory reserve fund, net	—	—	829	—	—	—	829	—	(829)	—
Transfer to staff welfare payable, net	—	—	—	—	—	—	—	—	(66)	(66)
Balance at 31 December 2022	149,278	(4,197)	128,640	(10)	1,725	44,822	7,103	75,000	29,582	303,303
Group Unaudited										
Balance at 1 January 2023	149,278	(4,197)	128,640	(10)	1,725	44,822	7,103	75,000	29,582	303,303
Profit for the year, representing total comprehensive income	—	—	—	—	—	—	—	—	2,387	2,387
Purchase of treasury share	—	(797)	—	—	—	—	—	—	—	(797)
<u>Others</u>										
Transfer to statutory reserve, net	—	—	(753)	—	—	—	(753)	—	753	—
Transfer to statutory reserve fund, net	—	—	970	—	—	970	—	—	(970)	—
Transfer to staff welfare payable, net	—	—	—	—	—	—	—	—	(32)	(32)
Dividend paid	—	—	—	—	—	—	—	—	(5,654)	(5,654)
Balance at 31 December 2023	149,278	(4,994)	128,857	(10)	1,725	45,792	6,350	75,000	26,066	299,207

C. Unaudited condensed statements of changes in equity (cont'd)
For the year ended 31 December 2023

Statement of Changes in Equity (cont'd)

	Share capital	Treasury/Employee benefit trust shares	Other reserves	Treasury shares	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Company Audited						
Balance at 1 January 2022	149,278	(3,391)	(10)	(10)	(34,630)	111,247
Profit for the year, representing total comprehensive income for the year	–	–	–	–	5,780	5,780
<u>Contributions by and distribution to owners</u>						
Purchase of treasury share	–	(806)	–	–	–	(806)
Balance at 31 December 2022	149,278	(4,197)	(10)	(10)	(28,850)	116,221
Company Unaudited						
Balance at 1 January 2023	149,278	(4,197)	(10)	(10)	(28,850)	116,221
Loss for the year, representing total comprehensive income for the year	–	–	–	–	(3,155)	(3,155)
<u>Contributions by and distribution to owners</u>						
Purchase of treasury share	–	(797)	–	–	–	(797)
Dividend paid	–	–	–	–	(5,654)	(5,654)
Balance at 31 December 2023	149,278	(4,994)	(10)	(10)	(37,659)	106,615

**D. Unaudited condensed consolidated statement of cash flows
For the year ended 31 December 2023**

	Note	Group	
		Unaudited	Audited
		Full year ended	
		31/12/2023	31/12/2022
		RMB'000	RMB'000
Operating activities			
Profit before tax		2,195	30,470
<u>Adjustments for:</u>			
Depreciation of property, plant and equipment	6	7,806	8,070
Depreciation of right-of-use assets	6	365	365
Depreciation of investment properties	6	630	631
Amortisation of intangible assets	6	372	397
Gain on disposal of property, plant and equipment, net	6	(62)	(115)
(Write-back of) /impairment losses on financial assets, net	6	(252)	284
Write-off of property, plant and equipment	6	214	130
Write-back of inventory obsolescence	6	–	(84)
Unrealised exchange gain	6	(78)	(253)
Finance costs	6	7	3
Finance income	6	(2,949)	(4,185)
		8,248	35,713
Operating cash flows before changes in working capital			
<u>Changes in working capital</u>			
Decrease/(increase) in:			
Inventories		7,332	(82)
Trade and other receivables		12,897	9,929
Contract assets		(6,680)	(3,002)
Prepayments		(254)	4,240
(Decrease)/increase in:			
Trade and other payables		(3,627)	8,560
Contract liabilities		(4,383)	(34,234)
Other liabilities and provision		(947)	3,632
Total changes in working capital		4,338	(10,957)
Cash flows generated from operations		12,586	24,756
Interest received		2,949	4,185
Interest paid		(7)	(3)
Income tax paid		(845)	(637)
Net cash generated from operating activities		14,683	28,301

D. Unaudited condensed consolidated statement of cash flows (cont'd)
For the year ended 31 December 2023

	Note	Group	
		Unaudited	Audited
		Full year ended	
		31/12/2023	31/12/2022
		RMB'000	RMB'000
Investing activities			
Proceed from disposal of property, plant and equipment	11	62	139
Purchase of Intangible assets - software	9	(15)	(303)
Purchase of property, plant and equipment	11	(5,087)	(1,514)
Placements of fixed deposits		(160,000)	(100,000)
Withdrawals of fixed deposits		120,000	60,000
Net cash used in investing activities		(45,040)	(41,678)
Financing activities			
Purchase of treasury shares		(797)	(806)
Dividends paid		(5,654)	–
Net cash used in financing activities		(6,451)	(806)
Net decrease in cash and cash equivalents		(36,808)	(14,183)
Cash and cash equivalents at beginning of year		115,748	129,678
Effect of exchange rate changes on cash and cash equivalents		78	253
Cash and cash equivalents at end of year	15	79,018	115,748

**E. Notes to the unaudited condensed consolidated financial statements
As at and for the six months and full year ended 31 December 2023**

1. Corporate information

Anchun International Holdings Ltd. (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

These condensed interim consolidated financial statements as at and for the six months ended 31 December 2023 comprise the Company and its subsidiaries (collectively, the "Group"). The principal activity of the Company is investment holding.

The principal activities of the Group are those relating to the provision of integrated chemical systems engineering and technology solutions to the petrochemical and chemical industries.

2. Basis of preparation

The condensed interim financial statements for the full year ended 31 December 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 financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000"), except when otherwise indicated.

2.1. New and amended standards adopted by the Group

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

2.2. Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

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

There are no significant judgements made in applying accounting policies that have a significant effect on the amounts recognised in the consolidated financial statements.

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

- Note 4 and Note 13 - Provision for expected credit losses of trade receivables and contract assets
- Note 4 - Contracts and revenue recognition

3. Seasonal operations

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

4. Segment revenue information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

(i) Catalyst Business

The catalyst business segment involves manufacturing of a variety of catalysts for use in the process of gas-making, ammonia synthesis and methanol synthesis.

(ii) Chemical Systems and Components ("CSC") Business

This segment involves manufacturing of chemical equipment designed by the chemical engineering and technology consultancy services department.

(iii) Chemical Engineering and Technology ("CET") Engineering Services

This segment involves providing chemical systems engineering and technology design services for the production of ammonia and methanol related products such as agriculture fertilisers and biodiesel which are mainly used in the agriculture and energy industries.

These operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision makers who are responsible for allocating resources and assessing performance of the operating segments.

4. Segment revenue information (cont'd)

4.1. Reportable segments

	Catalyst Business RMB'000	CSC Business RMB'000	CET Engineering Services RMB'000	Total RMB'000
Group				
1 January 2023 to 31 December 2023				
Revenue				
External customers	19,798	104,065	9,759	133,622
Total revenue	19,798	104,065	9,759	133,622
Results:				
Segment gross profit	5,900	19,502	5,330	30,732
Finance income				2,949
Other income				5,281
Write-back of losses on financial assets, net				252
Marketing and distribution expenses				(6,643)
Administrative expenses				(22,375)
Research expenses				(7,994)
Finance costs				(7)
Profit before tax				2,195
Other material non-cash items				
Depreciation and amortisation				(9,173)
Gain on disposal of property, plant and equipment, net				62
Write-off of property, plant and equipment				(214)

4. Segment revenue information (cont'd)

4.1. Reportable segments (cont'd)

	Catalyst Business RMB'000	CSC Business RMB'000	CET Engineering Services RMB'000	Total RMB'000
Group				
1 January 2022 to 31 December 2022				
Revenue				
External customers	12,085	157,875	12,806	182,766
Total revenue	12,085	157,875	12,806	182,766
Results:				
Segment gross profit	3,662	43,217	6,598	53,477
Finance income				4,185
Other income				6,587
Impairment losses on financial assets, net				(284)
Marketing and distribution expenses				(6,263)
Administrative expenses				(20,021)
Research expenses				(7,029)
Other expenses				(179)
Finance costs				(3)
Profit before tax				30,470
Other material non-cash items				
Depreciation and amortisation				(9,463)
Gain on disposal of property, plant and equipment, net				115
Write-off of property, plant and equipment				(130)
Write-back of inventory obsolescence				84

Geographical information

No geographical information is provided as the principal assets employed by the Group are located in the PRC and the Group's revenue and profits are derived primarily from customers in the PRC.

Information about major customers

During the financial year ended 31 December 2023, revenue from two (2022: two) major customers amount to RMB44,367,000 (2022: RMB52,689,000), arising from sales by the CSC Business (2022: CSC Business, Catalyst Business and CET Engineering Services segment).

4. Segment revenue information (cont'd)

4.2. Disaggregation of Revenue

	The Group 6 months ended 31 December 2023			Total revenue RMB'000
	Catalyst business RMB'000	CSC business RMB'000	CET engineering services RMB'000	
Primary geographical market				
People's Republic of China	10,531	41,882	6,475	58,888
Major product or service lines				
Catalyst	10,531	–	–	10,531
Chemical systems and components	–	41,882	–	41,882
Engineering and design services	–	–	6,475	6,475
	10,531	41,882	6,475	58,888
Timing of transfer of goods or services				
At a point in time	10,531	–	–	10,531
Over time	–	41,882	6,475	48,357
	10,531	41,882	6,475	58,888

	The Group 6 months ended 31 December 2022			Total revenue RMB'000
	Catalyst business RMB'000	CSC business RMB'000	CET engineering services RMB'000	
Primary geographical market				
People's Republic of China	6,218	84,929	9,136	100,283
Major product or service lines				
Catalyst	6,218	–	–	6,218
Chemical systems and components	–	84,929	–	84,929
Engineering and design services	–	–	9,136	9,136
	6,218	84,929	9,136	100,283
Timing of transfer of goods or services				
At a point in time	6,218	–	–	6,218
Over time	–	84,929	9,136	94,065
	6,218	84,929	9,136	100,283

4. Segment revenue information (cont'd)

4.2. Disaggregation of Revenue (cont'd)

	The Group 12 months ended 31 December 2023			Total revenue RMB'000
	Catalyst business RMB'000	CSC business RMB'000	CET engineering services RMB'000	
Primary geographical market				
People's Republic of China	19,798	104,065	9,759	133,622
Major product or service lines				
Catalyst	19,798	–	–	19,798
Chemical systems and components	–	104,065	–	104,065
Engineering and design services	–	–	9,759	9,759
	19,798	104,065	9,759	133,622
Timing of transfer of goods or services				
At a point in time	19,798	–	–	19,798
Over time	–	104,065	9,759	113,824
	19,798	104,065	9,759	133,622

	The Group 12 months ended 31 December 2022			Total revenue RMB'000
	Catalyst business RMB'000	CSC business RMB'000	CET engineering services RMB'000	
Primary geographical market				
People's Republic of China	12,085	157,875	12,806	182,766
Major product or service lines				
Catalyst	12,085	–	–	12,085
Chemical systems and components	–	157,875	–	157,875
Engineering and design services	–	–	12,806	12,806
	12,085	157,875	12,806	182,766
Timing of transfer of goods or services				
At a point in time	12,085	–	–	12,085
Over time	–	157,875	12,806	170,681
	12,085	157,875	12,806	182,766

4. Segment revenue information (cont'd)

4.3. Judgement and methods used in estimating revenue

Recognition of revenue from sale of chemical equipment over time

For the sale of chemical equipment where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the chemical equipment to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for sale of chemical equipment. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the complete construction of the chemical equipment.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of amounts incurred to construct other similar chemical equipment.

4.4. Contract assets and contract liabilities

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

	31/12/2023 RMB'000	Group 31/12/2022 RMB'000	01/01/2022 RMB'000
Receivables from contracts with customers (Note 13)	17,019	19,225	14,306
Contract assets	88,777	82,419	81,105
Contract liabilities	35,412	39,795	74,029

During current financial year, the Group has recognised write back of impairment losses of RMB135,000 (2022: write back of impairment losses of RMB1,404,000) on receivables.

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for sale of chemical equipment.

Contract assets are transferred to receivables when the rights become unconditional. During the reporting period, the Group has recognised write back of impairment loss on contract assets of RMB117,000 (2022: impairment losses of RMB1,688,000 on contract assets). Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances received from customers for sale of chemical equipment.

Contract liabilities are recognised as revenue as the Group performs under the contract.

(i) Significant changes in contract assets are explained as follows:

	31/12/2023 RMB'000	Group 31/12/2022 RMB'000
Contract assets reclassified to receivables	48,432	58,569

(ii) Significant changes in contract liabilities are explained as follows:

	31/12/2023 RMB'000	Group 31/12/2021 RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	24,768	59,318

4. Segment revenue information (cont'd)

4.5. Transaction price allocated to remaining performance obligation

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2023 is RMB175,127,000 (2022: RMB135,583,000). The Group expects to recognise RMB139,957,000 as revenue relating to the transaction price allocated to the unsatisfied (or partially satisfied) performance obligations as at 31 December 2023 in the financial year 2024 and RMB35,170,000 in the financial year 2025.

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2023 and 31 December 2022:

	Group		Company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
Financial assets				
Trade and other receivables (excluding sales tax receivables)	43,098	55,427	37,876	37,856
Cash and bank balances	179,018	175,748	6,669	16,068
Total undiscounted financial assets	222,116	231,175	44,545	53,924
Financial liabilities				
Trade and other payables (excluding sales tax and other tax payables)	27,068	28,727	12,792	12,596
Other liabilities	20,267	20,988	833	803
Total undiscounted financial liabilities	47,335	49,715	13,625	13,399
Total net undiscounted financial assets	174,781	181,460	30,920	40,525

6. Profit before taxation

6.1. Significant items

	Group			
	6 months ended 31/12/2023	6 months ended 31/12/2022	12 months ended 31/12/2023	12 months ended 31/12/2022
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Income</u>				
Interest income on bank balances and deposits	2,127	3,770	2,949	4,185
Government grants	555	1,382	587	1,485
Sales of scrap materials and parts	396	798	909	1,479
Rental income from investment properties	1,287	896	2,431	2,059
Gain from contract penalty	-	37	23	169
Gain on disposal of property, plant and equipment, net	(53)	17	62	115
Net foreign exchange gain/(loss)	(3)	243	78	253
<u>Expenses</u>				
Depreciation of property, plant and equipment	3,949	3,982	7,806	8,070
Depreciation of investment properties	315	316	630	631
Depreciation of right-of-use asset	182	182	365	365
Amortisation of intangible assets	175	306	372	397
(Write-back of) /impairment losses on financial assets (net)	(1,552)	(639)	(252)	284
Write-off of property, plant and equipment	33	112	214	130
Finance costs	2	1	7	3

6.2. Related party transactions

There are no significant related party transactions apart from those disclosed elsewhere in the financial statements.

7. Net Asset Value

	Group		Company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Net asset value per share (RMB per share)	6.41	6.43	2.28	2.46

Net asset value per ordinary share as at 31 December 2023 and as at 31 December 2022 were calculated based on the existing number of shares in issue excluding EBT shares and treasury shares of 46,690,900 and 47,190,900 ordinary shares as at 31 December 2023 and 31 December 2022 respectively.

8. Fair value of assets and liabilities

8.1. Fair value measurement

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date **(Level 1)**;
- b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly **(Level 2)**; and
- c) Unobservable inputs for the asset or liability **(Level 3)**

The following table shows an analysis of the Group's assets not measured at fair value, for which fair value is disclosed:

		Group RMB'000		
		Fair value measurements at the end of the reporting period using		
		Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Carrying amount
Note				
	31 December 2023			
	Investment properties			
	– Xiang Kai Shi Hua Tower	8,637	–	–
	– Lufeng Road, Hi-Tech Industrial Development Zone	–	8,975	1,531
	– Lusong Road, Hi-Tech Industrial Development Zone	–	2,854	956
	31 December 2022			
	Investment properties			
	– Xiang Kai Shi Hua Tower	9,494	–	–
	– Lufeng Road, Hi-Tech Industrial Development Zone	–	9,736	2,017
	– Lusong Road, Hi-Tech Industrial Development Zone	–	2,887	1,100

9. Intangible assets

	Group	
	2023	2022
	RMB'000	RMB'000
Cost		
At 1 January	2,348	2,045
Additions	15	303
At 31 December	2,363	2,348
Accumulated amortisation		
At 1 January	(1,778)	(1,381)
Amortisation charge for the year	(372)	(397)
At 31 December	(2,150)	(1,778)
Net carrying amount		
At 31 December	213	570

Intangible assets relate to computer software purchased from vendors and have an average remaining amortisation period of 2 years (2022: 2 years). The amortisation of intangible asset is included in the "Administrative expenses" line item in the consolidated statement of comprehensive income.

10. Right-of-use assets

The Group has land use rights over three plots of state-owned land in the People's Republic of China ("PRC") where the Group's PRC manufacturing and storage facilities reside. The land use rights are not transferable.

The Group also has certain leases of dormitories with lease term of less than 12 months in which the Group applies the 'short-term lease' recognition exemptions for these leases.

10. Right-of-use assets (cont'd)

Group	Land use rights RMB'000
Cost:	
At 1 January 2022	18,271
At 31 December 2022 and 1 January 2023 and 31 December 2023	18,271
At 31 December 2023	18,271
Accumulated depreciation:	
At 1 January 2022	(6,023)
Depreciation charge for the year	(365)
At 31 December 2022 and 1 January 2023	(6,388)
Depreciation charge for the year	(365)
At 31 December 2023	(6,753)
Net carrying amount:	
At 31 December 2023	11,518
At 31 December 2022	11,883

11. Property, plant and equipment

For the year ended 31 December 2023, the Group acquired assets amounting to RMB5.1 million (31 December 2022: RMB1.1 million) and disposed of assets net book value amounting to RMB0.2 million (31 December 2022: RMB0.1 million). Depreciation expense for the year amounted to RMB7.8 million (31 December 2022: RMB8.1 million).

12. Investment properties

The Group's investment properties consist of both commercial and industrial properties, held for long-term rental yields and/or capital appreciation and are not substantially occupied by the Group. They are mainly leased to third parties under operating leases.

	Group	
	2023	2022
	RMB'000	RMB'000
Cost		
At 1 January	17,026	17,026
At 31 December	17,026	17,026
Accumulated depreciation		
At 1 January	(13,909)	(13,278)
Depreciation charge for the year	(630)	(631)
At 31 December	(14,539)	(13,909)
Net carrying amount		
At 31 December	2,487	3,117
Fair value	20,466	22,117

12.1 Valuation

The fair value of investment property in Xiang Kai Shi Hua Tower is determined based on comparable market transactions that consider the sales of similar properties that have been transacted in the open market.

The fair value of investment properties in Lufeng Road and Lusong Road is determined based on discounted cash flows method. Fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life. This method involves the projection of a series of cash flows on an investment property. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews and lease renewal. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is estimated as gross cash flow less maintenance cost and other operating and management expenses. The series of periodic net operating cash flow is then discounted. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum, and an opposite change in the long-term vacancy rate and discount rate.

12. Investment properties (cont'd)

12.1 Valuation (cont'd)

The investment properties held by the Group as at 31 December 2023 and 31 December 2022 are as follows:

Description and location	Existing Use	Tenure of land	Unexpired lease term
10 th floor, Xiang Kai Shi Hua Tower, Changsha, PRC	Offices	Leasehold, 50 years lease from 2 August 1999	26 years (2022: 27 years)
No. 65, Lufeng Road, Hi-Tech Industrial Development Zone, Changsha, PRC	Manufacturing	Leasehold, 50 years lease from 16 August 2002	29 years (2022: 30 years)
No. 539, Lusong Road, Hi-Tech Industrial Development Zone, Changsha, PRC	Manufacturing	Leasehold, 50 years lease from 28 February 2007	33 years (2022: 34 years)

13. Trade and other receivables

13.1. Trade and other receivables

	Group		Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Trade receivables	17,019	19,225	–	–
Bills receivable	23,637	32,265	–	–
VAT/GST receivables	10	4	10	4
Amount due from a subsidiary (non-trade)	–	–	37,876	37,856
Other receivables	2,442	3,937	–	–
Total trade and other receivables	43,108	55,431	37,886	37,860
Add:				
Contract assets	88,777	82,419	–	–
Cash and bank balances	179,018	175,748	6,669	16,068
Less:				
VAT/GST receivables	(10)	(4)	(10)	(4)
Total financial assets carried at amortised cost	310,893	313,594	44,545	53,924

13. Trade and other receivables (cont'd)

13.2. Expected credit losses

The movement in allowance for expected credit losses of trade receivables and contract assets computed based on lifetime ECL are as follow:

	Group		Group	
	Trade receivables	Contract assets	Trade receivables	Contract assets
	31/12/2023	31/12/2023	31/12/2022	31/12/2022
	RMB'000	RMB'000	RMB'000	RMB'000
Movements in the allowance accounts:				
At beginning of financial year	24,516	10,346	26,349	8,658
(Reversal)/charge for the year	(135)	(117)	(1,404)	1,688
Written-off	(540)	(4,862)	(429)	–
At end of financial year	23,841	5,367	24,516	10,346

14. Borrowings

The Group has no outstanding borrowings and debt securities as at 31 December 2023 (31 December 2022: Nil).

15. Cash and cash equivalents

	Group		Company	
	31/12/ 2023	31/12/2022	31/12/2023	31/12/2022
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at banks and on hand	52,434	97,733	2,728	2,857
Short-term deposits	126,584	78,015	3,941	13,211
Total	179,018	175,748	6,669	16,068
Less: Short-term deposits (Maturity >3 months)	(100,000)	(60,000)	–	–
Cash and cash equivalents	79,018	115,748	6,669	16,068

Cash at banks

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Short-term deposits

Short-term deposits are placed for varying periods between one to three months (2022: one to three months) and earned interests at the respective short-term deposit rates.

16. Share capital

Ordinary shares

	Number of Shares	Amount RMB'000
Ordinary shares including employee benefit trust ("EBT") shares & treasury shares as at 31 December 2023 and 31 December 2022	50,500,000	149,278

Convertibles

The Company did not have outstanding options, convertibles or subsidiary holdings as at 31 December 2023 and 31 December 2022.

EBT shares

The Company has no EBT shares as at 31 December 2023. (31 December 2022: Nil).

Treasury shares

The Company has 3,649,100 treasury shares (approximately 7.23% of the total number of issued shares) as at 31 December 2023 (31 December 2022: 3,309,100).

17. Earnings per share

Basic earnings per share are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

17. Earnings per share (cont'd)

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the periods ended 31 December:

	Group			
	Second half year ended		Full year ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Profit for the period/year attributable to owners of the Company used in the computation of basic and diluted loss per share	1,728	23,314	2,387	30,247
Weighted average number of ordinary shares for basic earnings per share computation ('000) #	47,111	47,597	47,151	47,644
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	47,111	47,597	47,151	47,644
Basic earnings per share (RMB cents)	3.67	48.98	5.06	63.49
Diluted earnings per share (RMB cents)	3.67	48.98	5.06	63.49

The weighted average number of ordinary shares takes into account the weighted average effect of changes in treasury and EBT shares transactions during the period/year.

As at 31 December 2023, no treasury shares and EBT shares are granted to employees under the Performance Share Plan 2014. (2022: Nil)

**F. Other information required by Listing Rule Appendix 7.2
For the six months and full year ended 31 December 2023**

1. Review

The condensed consolidated statement of financial position of the Group as at 31 December 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the current financial period/year then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

A) Income Statements

Revenue

FY2023 VS FY2022

Revenue decreased by RMB49.1 million or 27% from RMB182.8 million in FY2022 to RMB133.7 million in FY2023. The decrease was mainly due to the decrease of revenue from CSC business and Engineering services, partially offset by the increase of revenue from Catalyst business, further described as follows:

Revenue from our Catalyst Business

Revenue from our Catalyst Business increased by RMB7.7 million or 64% from RMB12.1 million in FY2022 to RMB19.8 million in FY2023. This was mainly due to the increase of revenue from sales of ammonia catalysts.

Revenue from our Engineering Services

Revenue from our Engineering Services decreased by RMB3.0 million or 23% from RMB12.8 million in FY2022 to RMB9.8 million in FY2023 mainly due to the decrease of revenue from EPC Services.

Revenue from our CSC Business

Revenue from our CSC Business decreased by RMB53.8 million or 34% from RMB157.9 million in FY2022 to RMB104.1 million in FY2023. The decrease was due to lower percentage of completion for CSC contracts and decrease in number of contracts during FY2023.

2H2023 vs 2H2022

The Group's revenue decreased by RMB41.4 million or 41% from RMB100.3 million in 2H2022 to RMB58.9 million in 2H2023 due to the decrease in the number of contracts and lower percentage of completion for CSC business amounting to RMB43.0 million and Engineering services amounting to RMB2.7 million, partially offset by the increase of revenue from Catalyst business amounting to RMB4.3 million.

Gross profit and gross profit margin

FY2023 VS FY2022

Our overall gross profit decreased by RMB22.8 million or 43% from RMB53.5 million in FY2022 to RMB30.7 million in FY2023 and our gross profit margin decreased from 29% in FY2022 to 23% in FY2023.

The decrease in the overall gross profit was mainly due to the following:

- 1) The gross profit of Catalyst business increased by RMB2.2 million from RMB3.7 million in FY2022 to RMB5.9 million in FY2023 mainly due to the increase of revenue from ammonia catalysts sales in FY2023. The gross profit margin for FY2022 was consistent with FY2023.
- 2) Gross profit of CSC business decreased by RMB23.8 million from RMB43.2 million in FY2022 to RMB19.4 million in FY2023 mainly attributable to the decrease in number of contracts in progress, lower percentage of completion for CSC contracts in FY2023. The gross profit margin decreased by 9% from 27% in FY2022 to 18% in FY2023 mainly attributable to the absence of new EPC services in FY 2023, which can contribute to a higher gross profit margin.

2. Review of performance of the Group (cont'd)

A) Income Statements (cont'd)

Gross profit and gross profit margin (cont'd)

- 3) The gross profit of engineering design decreased by RMB1.2 million from RMB6.6 million in FY2022 to RMB5.4 million in FY2023. The gross profit margin increased by 3% from 52% in FY2022 to 55% in FY2023 mainly attributable to the increase of revenue from the engineering services which contributed to higher gross margin in FY2023.

2H2023 vs 2H2022

Overall gross profit decreased by RMB18.4 million or 54% from RMB33.9 million in 2H2022 to RMB15.5 million in 2H2023 and our gross profit margin decreased from 34% in 2H2022 to 26% in 2H2023.

The fluctuations in the overall gross profit were mainly due to the following:

- 1) Gross profit of Catalyst business increased by RMB1.3 million from RMB2.2 million in 2H2022 to RMB3.5 million in 2H2023 mainly attributable to the increase of revenue from catalyst processing business in 2H2023. The gross profit margin decreased from 36% in 2H2022 to 33% in 2H2023 mainly due to lower margin from the sale of catalyst processing business in 2H2023.
- 2) Gross profit of CSC business decreased by RMB18.9 million from RMB26.5 million in 2H2022 to RMB7.6 million in 2H2023 mainly attributable to the decrease in number of contracts in progress, lower percentage of completion for CSC contracts in 1H2023. The gross profit margin decreased by 13% from 31% in 2H2022 to 18% in 2H2023 mainly attributable to the increase of revenue from one of the contracts with lower gross margin in 2H2023.
- 3) Gross profit of engineering design decreased by RMB0.8 million from RMB5.2 million in 2H2022 to RMB4.4 million in 2H2023. The gross profit margin increased by 12% from 56% in 2H2022 to 68% in 2H2023 mainly attributable to the increase of revenue from the engineering services which contributed to higher gross margin in 2H2023.

Finance and other income

FY2023 VS FY2022

Finance and other income decreased by RMB2.5 million or 23% from RMB10.7 million in FY2022 to RMB8.2 million in FY2023. The decrease was mainly due to the decrease in interest income on bank balances and deposits of RMB1.2 million, government grants of RMB0.9 million and sales of scrap metal of RMB0.4 million.

2H2023 vs 2H2022

Finance and other income decreased by RMB2.2 million or 28% from RMB7.8 million in 2H2022 to RMB5.6 million in 2H2023. The decrease was mainly due to the decrease in interest income on bank balances and deposits of RMB1.6 million and government grants of RMB0.8 million.

Marketing and distribution expenses

FY2023 vs FY2022

Marketing and distribution expenses increased RMB0.4 million or 6% from RMB6.2 million in FY2022 to RMB6.6 million in FY2023. The increase was mainly attributable to the increase in travelling expenses of RMB0.4 million and promotional expenses of RMB0.3 million, partially offset by the decrease in sales staff's salary and bonus amounting to RMB0.3 million in FY2023 as compared to FY2022.

2H2023 vs 2H2022

Marketing and distribution expenses increased by RMB0.3 million or 8% from RMB3.5 million in FY2022 to RMB3.8 million in FY2023. The increase was mainly attributable to the increase in promotional expenses amounting to RMB0.3 million.

2. Review of performance of the Group (cont'd)

A) Income Statements (cont'd)

Administrative expenses

FY2023 vs FY2022

Administrative expenses increased by RMB2.4 million or 12% from RMB20.0 million in FY2022 to RMB22.4 million in FY2023. The increase is analysed in the table below:

Item by nature	FY2023	FY2022	FY2023 vs. FY2022 (Change)		Comments
	RMB'000	RMB'000	RMB'000	%	
Unallocated manufacturing overheads allocated in administrative expenses	4,547	2,651	1,896	72	The increase is due to the lower volume of production resulting in higher unallocated manufacturing overheads recorded under administrative expenses in FY2023 over FY2022.
Salaries, bonuses and fees	6,008	6,879	(871)	(13)	Include salaries of executive directors and heads of department deployed in administrative functions. Decrease is due to lower provision of bonuses in FY2023.
Safety cost	753	381	372	98	Increase in safety cost for catalyst business.
Factory repair and maintenance	791	–	791	N.M	Increase of repair and maintenance cost incurred for factory and investment property.
Staff welfare expenses	1,230	1,517	(287)	(19)	Decrease is due to lower employee medical examination expenses in FY2023 over FY2022.
Property lease fees	12	264	(252)	(95)	Decrease of property lease cost incurred for vehicles usage.
Staff compensation	204	11	193	N.M	Increase in staff compensation for work-related injuries and termination of labor contracts.
Other expenses	8,830	8,318	512	6	Other expenses are an aggregation of expenses. These expenses are less than RMB0.14 million individually. It mainly consists of travelling expenses, professional fees and litigation costs.
Total	22,375	20,021	2,354	12	

N.M. - not meaningful

2. Review of performance of the Group (cont'd)

A) Income Statements (cont'd)

Administrative expenses (cont'd)

2H2023 vs 2H2022

Administrative expenses increased by RMB1.3 million or 12% from RMB10.7 million in 2H2022 to RMB12.0 million in 2H2023 as explained below:

Item by nature	2H2023	2H2022	2H2023 vs.2H2022 (Change)		Comments
	RMB'000	RMB'000	RMB'000	%	
Unallocated manufacturing overheads allocated in administrative expenses	3,199	1,509	1,690	112	The increase is due to the lower volume of production resulting in higher unallocated manufacturing overheads recorded under administrative expenses in 2H2023 over 2H2022.
Salaries, bonuses and fees	2,107	3,445	(1,338)	(39)	Include salaries of executive directors and heads of department deployed in administrative functions. Decrease is due to lower provision of bonuses as at 2H2023.
Safety cost	422	198	224	113	Increase in safety cost for catalyst business.
Factory repair and maintenance	791	–	791	N.M	Increase of repair and maintenance cost incurred for factory and investment property.
Staff welfare expenses	610	832	(222)	(27)	Decrease is due to lower employee medical examination expenses in 2H2023 over 2H2022.
Other expenses	4,857	4,715	142	3	Other expenses are an aggregation of expenses. These expenses are less than RMB0.13 million individually. It mainly consists of environmental maintenance fees, safety cost and professional fees.
Total	11,986	10,699	1,287	12	

N.M. - not meaningful

2. Review of performance of the Group (cont'd)

A) Income Statements (cont'd)

Research expenses

FY2023 vs FY2022

Research expenses increased by RMB1.0 million or 14% from RMB7.0 million in FY2022 to RMB8.0 million in FY2023. This was mainly attributable to higher expenses incurred for CO split shift reactor improvement efforts in FY2023.

2H2023 vs 2H2022

Research expenses increased by RMB0.2 million or 3% from RMB5.1 million in 2H2022 to RMB5.3 million in 2H2023. This was mainly attributable to higher expenses incurred for CO split shift reactor improvement efforts in 2H2023.

Income tax expenses

FY2023 vs FY2022

Income tax expenses decreased by RMB0.4 million from RMB0.2 million of income tax expenses in FY2022 to RMB0.2 million of income tax credit in FY2023 due to increase of income tax refund in previous year.

2H2023 vs 2H2022

Tax credit income decreased by RMB0.1 million from RMB0.3 million in 2H2022 to RMB0.2 million in 2H2023 due to increase of income tax refund in previous year.

Net profit attributable to owners of the Company

FY2023 vs FY2022

The net profit attributable to owners of the Company decreased by RMB27.9 million from a net profit of RMB30.2 million in FY2022 to a net profit of RMB2.4 million in FY2023 as explained above.

2H2023 vs 2H2022

The net profit attributable to owners of the Company decreased by RMB21.6 million from a net profit of RMB 23.3 million in 2H2022 to a net profit of RMB 1.7 million in 2H2023 as explained above.

B) Balance Sheet Statements

Non-current assets

Non-current assets decreased by RMB4.6 million or 8% from RMB60.6 million as at 31 December 2022 to RMB56.0 million as at 31 December 2023. Non-current assets comprised property, plant and equipment, investment property, intangible assets, right of use asset and prepayments.

Property, plant and equipment decreased by RMB3.0 million or 7% from RMB44.7 million as at 31 December 2022 to RMB41.7 million as at 31 December 2023, mainly due to depreciation charges of RMB7.8 million. The decrease was partially offset by additions during the year.

2. Review of performance of the Group (cont'd)

B) Balance Sheet Statements(cont'd)

Current assets

Current assets decreased by RMB9.7 million or 3% from RMB348.6 million as at 31 December 2022 to RMB338.9 million as at 31 December 2023. The decrease was mainly due to the following:

- a) The decrease in inventories of RMB7.3 million was mainly due to the decrease of raw materials purchased for CSC business contract orders.
- b) The decrease in trade and other receivables of RMB3.7 million was due to the receipt of the interest receivables.
- c) The increase in contract assets of RMB6.3 million was due to the increase in works incurred for contracts where billings for contractual milestones have not been satisfied.
- d) The decrease in bills receivable of RMB8.6 million was due to the settlement of outstanding bills receivable. Settlement of the mentioned bills receivables have been transferred to cash and cash equivalents.
- e) The increase in prepayments of RMB0.3 million was mainly due to higher volume of purchases of raw materials from vendors.
- f) The decrease in cash and bank equivalents of RMB36.8 million was due to the increase of cash flow from operating activities of RMB14.7 million, net cash used in investing activities of RMB45.0 million and cash used in financing activities of RMB6.5 million.

The breakdown and aging of items of trade and other receivables are as follows:

Item by nature	31/12/2023 RMB'000	< 6 months RMB'000	6-12 months RMB'000	1-2years RMB'000	>2years RMB'000
Trade Receivables					
Receivables from sales	40,607	8,567	8,055	5,390	18,595
Less: Impairment losses on trade receivables, net	(23,588)	(1,441)	(1,355)	(2,770)	(18,022)
Sub-total	17,019	7,126	6,700	2,620	573
Other Receivables					
A. Bills receivable	23,637	23,637			
B. Operation cash advances	690	690			
C. Bid bonds	1,752	1,752			
D. GST receivables	10	10			
Total	43,108	33,215	6,700	2,620	573

2. Review of performance of the Group (cont'd)

B) Balance Sheet Statements(cont'd)

Current liabilities

Current liabilities decreased by RMB10.2 million or 10% from RMB105.9 million as at 31 December 2022 to RMB95.7 million as at 31 December 2023.

- a) The decrease in contract liabilities of RMB4.4 million was due to revenue recognition as the Group satisfies the contract obligations according to the Group's revenue recognition policy and there was lesser advance received from customers as at year end.
- b) The decrease in trade and other payables of RMB4.1 million was due to the delayed payment of VAT payables by the subsidiary due to the preferential tax policies in China.
- c) The decrease in other liabilities of RMB0.7 million was mainly due to decrease in provision of staff bonuses.
- d) The decrease in income tax payable of RMB1.0 million was due to the payment of RMB1.0 million made during the year.

C) Cash Flow Statements

FY2023

Cash and cash equivalents decreased by RM36.8 million in FY2023, which was mainly attributed to cash generated from operating activities of RMB14.7 million, net cash used in investing activities of RMB45.0 million and cash used in financing activities of RMB6.5 million.

FY2022

Cash and cash equivalents decreased by RMB14.2 million in FY2022, which was mainly attributed to cash generated from operating activities of RMB28.3 million, net cash used in investing activities of RMB41.7 million and cash used in financing activities of RMB0.8 million.

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

The Company has not previously disclosed to shareholders any forecast or prospect statement.

4. 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 operating period and the next 12 months.

The Group has continued its efforts to diversify into non-fertiliser industries, which has resulted in revenue of RMB127.5 million for FY2023 representing 95% (RMB165.4 million for FY2022 representing 90.5%) of the total revenue. The Group will continue to remain vigilant over its costs structure and its research efforts.

The Group's order book as of 31 December 2023 was approximately RMB175.1 million (31 December 2022: RMB136.3 million), of which RMB123.3 million (31 December 2022: RMB114.5 million) is from the non-fertiliser industries.

The Group's integrated strengths in engineering design, equipment manufacture, catalyst and technological capabilities will continue to drive sustainable growth. With the accelerated pace of the energy transformation and shift in the energy consumption structure, green ammonia, green methanol and green hydrogen are set to become increasingly popular. We will continue to build upon our R&D efforts as we explore new areas of uses and applications for our various patented technologies to bring solutions that have increasing relevance in the world today.

5. Dividend information

(a) Current financial year reported on

The Company does not recommend any dividend for the financial year ended 31 December 2023.

(b) Corresponding period of the immediately preceding financial year

The final dividend declared for the financial year FY2022 is as follows:

Name of dividend	FY2022 Final Dividend
Dividend type	Cash
Dividend rate	RMB\$0.12 per share
Tax rate	Tax-exempt (one-tier)
Date paid	24/05/2023

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

6. Interested person transactions

No dividend has been declared or recommended by the Board for the financial year ended 31 December 2023 after taking into consideration the uncertainties of the macroeconomic environment particularly challenges for capital goods industry.

7. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

8. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

Pursuant to Rule 704(13) of the Listing Manual, the Company confirms that there are no persons occupying a managerial position in the Company or in any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

CONFIRMATION BY THE BOARD

Pursuant to Rule 705(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we, the undersigned hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for twelve months period ended 31 December 2023 to be false or misleading in any material aspect. On behalf of the Board of Directors.

Zheng, ZhiZhong
Executive Director and Chief Executive Officer

Dai, FengYu
Executive Director

Singapore
28 February 2024