



Anchun International Holdings Ltd.

(Incorporated in Singapore)

(Company registration number: 200920277C)

**Condensed Interim Financial Statements
For the half year ended 30 June 2024**

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**A. Unaudited condensed consolidated statement of profit or loss and other comprehensive income
For the half year ended 30 June 2024**

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.

	Not	Group		Change %
		Unaudited	Unaudited	
		6 months ended		
		30/06/2024	30/06/2023	
		RMB'000	RMB'000	
Revenue	4	66,700	74,734	(11)
Cost of sales		(56,269)	(59,504)	(5)
Gross profit		10,431	15,230	(32)
Other item of income				
Finance and other income		2,640	2,677	(1)
Write-back of/(impairment losses) on of financial assets, net		1,076	(1,300)	N.M
Other items of expenses				
Marketing and distribution expenses		(3,015)	(2,810)	7
Administrative expenses		(10,408)	(10,390)	0.2
Research expenses		(4,281)	(2,730)	57
Finance costs				
- Bank charges		(3)	(5)	(40)
(Loss)/ profit before taxation	6	(3,560)	672	N.M
Income taxation		-	(13)	(100)
Total comprehensive income for the period attributable to owners of the Company		(3,560)	659	N.M
Earnings per share (RMB cents):				
Basic	17	(7.62)	1.40	N.M
Diluted	17	(7.62)	1.40	N.M

N.M. - not meaningful

B. Unaudited condensed interim statements of financial position
As at 30 June 2024

	Note	Group			Company		
		Unaudited 30/06/2024 RMB'000	Audited 31/12/2023 RMB'000	Change %	Unaudited 30/06/2024 RMB'000	Audited 31/12/2023 RMB'000	Change %
ASSETS							
Non-current assets							
Property, plant and equipment	11	39,533	41,750	(5)	–	–	–
Intangible assets	9	850	213	299	–	–	–
Investment in a subsidiary		–	–	–	75,631	75,631	–
Investment properties	12	2,171	2,487	(13)	–	–	–
Right of use asset	10	11,335	11,518	(2)	–	–	–
Prepayments		21	40	(48)	–	–	–
		<u>53,910</u>	<u>56,008</u>	<u>(4)</u>	<u>75,631</u>	<u>75,631</u>	<u>–</u>
Current assets							
Inventories		27,087	24,425	11	–	–	–
Trade and other receivables	13	46,281	43,108	7	37,908	37,886	0.1
Contract assets	4.4	77,254	88,777	(13)	–	–	–
Prepayments		4,869	3,539	38	14	55	(75)
Short term deposits		100,000	100,000	–	–	–	–
Cash and cash equivalents	15	88,055	79,018	11	4,411	6,669	(34)
		<u>343,546</u>	<u>338,867</u>	<u>1</u>	<u>42,333</u>	<u>44,610</u>	<u>(5)</u>
Total assets		<u>397,456</u>	<u>394,875</u>	<u>1</u>	<u>117,964</u>	<u>120,241</u>	<u>(2)</u>
EQUITY AND LIABILITIES							
Current liabilities							
Trade and other payables		33,615	36,719	(8)	12,892	12,793	1
Contract liabilities	4.4	46,625	35,412	32	–	–	–
Other liabilities		18,674	20,264	(8)	667	833	(20)
Income tax payable		2,895	3,273	(12)	–	–	–
		<u>101,809</u>	<u>95,668</u>	<u>6</u>	<u>13,559</u>	<u>13,626</u>	<u>(0.5)</u>
Net current assets		<u>241,737</u>	<u>243,199</u>	<u>(1)</u>	<u>28,774</u>	<u>30,984</u>	<u>(7)</u>
Total liabilities		<u>101,809</u>	<u>95,668</u>	<u>6</u>	<u>13,559</u>	<u>13,626</u>	<u>–</u>
Net assets		<u>295,647</u>	<u>299,207</u>	<u>(1)</u>	<u>104,405</u>	<u>106,615</u>	<u>(2)</u>
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)	(4,994)	–	(4,994)	(4,994)	–
Other reserves		128,721	128,857	–	(10)	(10)	–
Accumulated profits/(losses)		22,642	26,066	(13)	(39,869)	(37,659)	6
Total equity		<u>295,647</u>	<u>299,207</u>	<u>(1)</u>	<u>104,405</u>	<u>106,615</u>	<u>(2)</u>
Total equity and liabilities		<u>397,456</u>	<u>394,875</u>	<u>1</u>	<u>117,964</u>	<u>120,241</u>	<u>(2)</u>

C. Unaudited condensed interim statements of changes in equity
For the half year ended 30 June 2024

Statement of Changes in Equity

Attributable to owners of the Company	Attributable to owners of the Company								Accumulated profits	Total 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		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
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 period, representing total comprehensive income	–	–	–	–	–	–	–	–	5,198	5,198
<u>Others</u>										
Transfer to statutory reserve fund-safety production expenditure, net	–	–	269	–	–	–	269	–	(269)	–
Balance at 30 June 2023	149,278	(4,197)	128,909	(10)	1,725	44,822	7,372	75,000	34,511	308,501
Group Unaudited										
Balance at 1 January 2024	149,278	(4,994)	128,857	(10)	1,725	45,792	6,350	75,000	26,066	299,207
Loss for the period, representing total comprehensive income	–	–	–	–	–	–	–	–	(3,560)	(3,560)
<u>Others</u>										
Utilisation to statutory reserve fund– safety production expenditure, net	–	–	(136)	–	–	–	(136)	–	136	–
Balance at 30 June 2024	149,278	(4,994)	128,721	(10)	1,725	45,792	6,214	75,000	22,642	295,647

C. Unaudited condensed interim statements of changes in equity (cont'd)
For the half year ended 30 June 2024

Statement of Changes in Equity (cont'd)

	Attributable to owners of the Company					
	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 Unaudited						
Balance at 1 January 2023	149,278	(4,197)	(10)	(10)	(28,850)	116,221
Loss for the period, representing total comprehensive income for the year	–	–	–	–	(796)	(796)
Balance at 30 June 2023	149,278	(4,197)	(10)	(10)	(29,646)	115,425
Company Unaudited						
Balance at 1 January 2024	149,278	(4,994)	(10)	(10)	(37,659)	106,615
Loss for the year, representing total comprehensive income for the year	–	–	–	–	(2,210)	(2,210)
Balance at 30 June 2024	149,278	(4,994)	(10)	(10)	(39,869)	104,405

D. Unaudited condensed interim consolidated statement of cash flows
For the half year ended 30 June 2024

	Note	Group	
		Unaudited	Unaudited
		6 months ended	
		30/06/2024	30/06/2023
		RMB'000	RMB'000
Operating activities			
(Loss)/ Profit before tax		(3,560)	672
<u>Adjustments for:</u>			
Depreciation of property, plant and equipment	6	3,667	3,857
Depreciation of right-of-use assets	6	183	183
Depreciation of investment properties	6	316	315
Amortisation of intangible assets	6	103	197
Gain on disposal of property, plant and equipment	6	(62)	(115)
(Write-back of)/impairment losses on of financial assets, net	6	(1,076)	1,300
Write-off of property, plant and equipment	6	100	181
Net foreign exchange loss/(gain)		34	(81)
Finance costs		3	5
Finance income		(439)	(822)
Operating cash flows before changes in working capital		(731)	5,692
<u>Changes in working capital</u>			
Decrease/(Increase) in:			
Inventories		(2,662)	3,775
Trade and other receivables		(2,097)	7,076
Contract assets		11,523	(7,426)
Prepayments		(1,010)	517
(Decrease)/Increase in:			
Trade and other payables		(3,418)	(2,272)
Contract liabilities		11,213	(6,731)
Other liabilities		(1,590)	(3,758)
Total changes in working capital		11,959	(8,819)
Cash flows generated from/(used in) operations		11,228	(3,127)
Interest received		439	822
Interest paid		(3)	(5)
Income taxes paid		(378)	(563)
Net cash flows generated from/(used in) operating activities		11,286	(2,873)

D. Unaudited condensed interim consolidated statement of cash flows (cont'd)
For the half year ended 30 June 2024

	Note	Group	
		Unaudited	Unaudited
		6 months ended	
		30/06/2024	30/06/2023
		RMB'000	RMB'000
Investing activities			
Proceeds from sale of property, plant and equipment	11	62	62
Purchase of Intangible assets - software		(740)	(15)
Purchase of property, plant and equipment	11	(1,537)	(2,177)
Placement of fixed deposits		—	(40,000)
Net cash used in investing activities		(2,215)	(42,130)
Financing activity			
Dividends paid		—	(5,654)
Net cash used in financing activity		—	(5,654)
Net increase /(decrease) in cash and cash equivalents		9,071	(50,657)
Cash and cash equivalents at beginning of period		79,018	115,748
Effect of exchange rate changes on cash and cash equivalents		(34)	81
Cash and cash equivalents at end of period	15	88,055	65,172

**E. Notes to the unaudited condensed interim consolidated financial statements
As at and for the half year ended 30 June 2024**

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 30 June 2024 comprise the Company and its subsidiaries (collectively, the Group). The principal activity of the Company is investment holding.

The principal activities of the Group is 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 six months ended 30 June 2024 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 2023.

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

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial period beginning on 1 January 2024.

The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.2. Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023.

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 is no significant judgement made in applying accounting policies that have a significant effect on the amounts recognised in the consolidated financial statements.

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

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 interim period 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 2024 to 30 June 2024				
Revenue				
External customers	5,497	58,527	2,676	66,700
Total revenue	5,497	58,527	2,676	66,700
Results:				
Segment gross profit	1,733	7,864	834	10,431
Finance income				439
Other income				2,201
Write-back of impairment losses on of financial assets, net				1,076
Marketing and distribution expenses				(3,015)
Administrative expenses				(10,408)
Research expenses				(4,281)
Finance costs				(3)
Loss before tax				(3,560)
Other material non-cash items				
Depreciation and amortisation				(4,269)
Gain on disposal of property, plant and equipment, net				62
Write-off of property, plant and equipment				(100)

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 2023 to 30 June 2023				
Revenue				
External customers	9,267	62,183	3,284	74,734
Total revenue	9,267	62,183	3,284	74,734
Results:				
Segment gross profit	2,379	11,908	943	15,230
Finance income				822
Other income				1,855
Impairment losses on financial assets, net				(1,300)
Marketing and distribution expenses				(2,810)
Administrative expenses				(10,390)
Research expenses				(2,730)
Finance costs				(5)
Profit before tax				672
Other material non-cash items				
Depreciation and amortisation				(4,552)
Gain on disposal of property, plant and equipment, net				115
Write-off of property, plant and equipment				(181)

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 6 months ended 30 June 2024, revenue from two (2023: two) major customers amounted to RMB27,732,000 (2023: RMB26,374,000), arising from sales by the CSC Business segment (2023: CSC Business segment).

4. Segment revenue information (cont'd)

4.2. Disaggregation of Revenue

	The Group 6 months ended 30 June 2024			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	5,497	58,527	2,676	66,700
Major product or service lines				
Catalyst	5,497	–	–	5,497
Chemical systems and components	–	58,527	–	58,527
Engineering and design services	–	–	2,676	2,676
	5,497	58,527	2,676	66,700
Timing of transfer of goods or services				
At a point in time	5,497	–	–	5,497
Over time	–	58,527	2,676	61,203
	5,497	58,527	2,676	66,700

	The Group 6 months ended 30 June 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	9,267	62,183	3,284	74,734
Major product or service lines				
Catalyst	9,267	–	–	9,267
Chemical systems and components	–	62,183	–	62,183
Engineering and design services	–	–	3,284	3,284
	9,267	62,183	3,284	74,734
Timing of transfer of goods or services				
At a point in time	9,267	–	–	9,267
Over time	–	62,183	3,284	65,467
	9,267	62,183	3,284	74,734

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 sales 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 sales 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:

	30/06/2024 RMB'000	Group 31/12/2023 RMB'000	01/01/2023 RMB'000
Receivables from contracts with customers (Note 13)	17,356	17,019	19,225
Contract assets	77,254	88,777	82,419
Contract liabilities	46,625	35,412	39,795

During the current financial period, the Group has recognised write back of impairment losses on receivables, net, arising from contracts with customers of RMB1,376,000 (30 June 2023: impairment losses of RMB1,300,000).

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

Contract assets are transferred to receivables when the rights become unconditional. During the reporting period, the Group has recognised impairment loss on contract assets of RMB 300,000 (30 June 2023: Nil). Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for sales 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:

	30/06/2024 RMB'000	Group 30/06/2023 RMB'000
Contract assets reclassified to receivables	44,271	31,957

4. Segment revenue information (cont'd)

4.4. Contract assets and contract liabilities (cont'd)

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

	30/06/2024 RMB'000	Group 30/06/2023 RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the period	18,928	21,938

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 30 June 2024 is RMB162,870,000 (2023: RMB175,127,000), of which the Group expects to recognise RMB106,799,000 as revenue in the financial year 2024 and RMB56,071,000 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 30 June 2024 and 31 December 2023:

	Group		Company	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
<i>Financial assets</i>				
Trade and other receivables (excluding sales tax receivables)	46,259	43,098	37,886	37,876
Cash and bank balances	188,055	179,018	4,411	6,669
Total undiscounted financial assets	234,314	222,116	42,297	44,545
<i>Financial liabilities</i>				
Trade and other payables (excluding sales tax and other tax payables)	24,524	27,068	12,892	12,793
Other liabilities	18,674	20,267	667	833
Total undiscounted financial liabilities	43,198	47,335	13,559	13,626
Total net undiscounted financial assets	191,116	174,781	28,738	30,919

6. Profit before taxation

6.1. Significant items

	Group	
	6 months ended	
	30/06/2024	30/06/2023
	RMB'000	RMB'000
<u>Income</u>		
Interest income on bank balances and deposits	439	822
Government grants	358	32
Sale of scrap materials and parts	776	513
Rental income from investment properties	1,160	1,144
Net foreign exchange (loss)/gain	(34)	81
Compensation from suppliers on late deliveries	2	23
Gain on disposal of property, plant and equipment, net	62	115
<u>Expenses</u>		
Depreciation of property, plant and equipment	3,667	3,857
Depreciation of investment property	316	315
Depreciation of right-of-use assets	183	183
Amortisation of intangible assets	103	197
(Write-back)/Impairment losses on financial assets, net	(1,076)	1,300
Write-off of property, plant and equipment	100	181
Finance costs	3	5

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

	<u>Group</u>		<u>Company</u>	
	<u>30/06/2024</u>	<u>31/12/2023</u>	<u>30/06/2024</u>	<u>31/12/2023</u>
Net asset value per share (RMB per share)	6.33	6.41	2.24	2.28

Net asset value per ordinary share as at 30 June 2024 and as at 31 December 2023 were calculated based on the existing number of shares in issue excluding EBT shares and treasury shares of 46,690,900 ordinary shares as at 30 June 2024 and 31 December 2023.

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				
	30 June 2024			
	Investment properties			
	– Xiang Kai Shi Hua Tower	8,637	–	–
	– Lufeng Road, Hi-Tech Industrial Development Zone	–	10,770	1,287
	– Lusong Road, Hi-Tech Industrial Development Zone	-	2,906	884
	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

9. Intangible assets

Group	Group RMB'000
At 31 December 2023	
Cost	2,363
Accumulated amortisation and impairment	(2,150)
Net book amount	<u>213</u>
6 months ended 30 June 2024	
Opening net book amount	213
Additions	740
Amortisation charge for the period	(103)
Closing net book amount	<u>850</u>
At 30 June 2024	
Cost	3,103
Accumulated amortisation and impairment	(2,253)
Net book amount	<u>850</u>

Intangible assets relate to computer software purchased from vendors and have an average remaining amortisation period of 2 years (2023: 2 years). The amortisation of intangible assets is included in the "Administrative expenses" line item in the condensed 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.

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

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.

	Land use rights RMB'000
Group	
At 31 December 2023	
Cost	18,271
Accumulated depreciation and impairment	(6,753)
Net book amount	<u>11,518</u>
6 months ended 30 June 2024	
Opening net book amount	11,518
Amortisation charge for the period	(183)
Closing net book amount	<u>11,335</u>
At 30 June 2024	
Cost	18,271
Accumulated amortisation and impairment	(6,936)
Net book amount	<u>11,335</u>

11. Property, plant and equipment

During the six months ended 30 June 2024, the Group acquired assets amounting to RMB1.5 million (30 June 2023: RMB2.2million), provided for depreciation amounted to RMB3.7 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	
	30/06/2024	31/12/2023
	RMB'000	RMB'000
Cost		
Beginning of financial period	17,026	17,026
End of financial period/year	17,026	17,026
Accumulated depreciation		
Beginning of financial period	(14,539)	(13,909)
Depreciation charge for the period/year	(316)	(630)
End of financial period	(14,855)	(14,539)
Net carrying amount		
At end of financial period/year	2,171	2,487
Fair value	22,313	20,466

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 are 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 30 June 2024 and 31 December 2023 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	25.5 years (2023: 26 years)
No. 65, Lufeng Road, Hi-Tech Industrial Development Zone, Changsha, PRC	Manufacturing	Leasehold, 50 years lease from 16 August 2002	28.5 years (2023: 29 years)
No. 539, Lusong Road, Hi-Tech Industrial Development Zone, Changsha, PRC	Manufacturing	Leasehold, 50 years lease from 28 February 2007	32.5 years (2023: 33 years)

13. Trade and other receivables

13.1. Trade and other receivables

	Group		Company	
	30/06/2024 RMB'000	31/12/2023 RMB'000	30/06/2024 RMB'000	31/12/2023 RMB'000
Trade receivables	17,356	17,019	–	–
Bills receivable	24,295	23,637	–	–
VAT/GST receivables	22	10	22	10
Amount due from a subsidiary (non-trade)	–	–	37,886	37,876
Other receivables	4,608	2,442	-	–
Total trade and other receivables	46,281	43,108	37,908	37,886
Add:				
Contract assets	77,254	88,777	–	–
Cash and bank balances	188,055	179,018	4,411	6,669
Less:				
VAT/GST receivables	(22)	(10)	(22)	(10)
Total financial assets carried at amortised cost	311,568	310,893	42,297	44,545

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			
	Trade receivables	Contract assets	Trade receivables	Contract assets
	30/06/2024 RMB'000	30/06/2024 RMB'000	31/12/2023 RMB'000	31/12/2023 RMB'000
Movements in the allowance accounts:				
At beginning of financial year	23,841	5,367	24,516	10,346
(Reversal)/charge for the year	(1,376)	300	(135)	(117)
Written-off	(10)	–	(540)	(4,862)
At end of financial year	22,455	5,667	23,841	5,367

14. Borrowings

The Group has no outstanding borrowings and debt securities as at 30 June 2024 (31 December 2023: nil).

15. Cash and cash equivalents

	Group		Company	
	30/06/2024 RMB'000	31/12/2023 RMB'000	30/06/2024 RMB'000	31/12/2023 RMB'000
Cash at banks and on hand	86,431	52,434	3,138	2,728
Short-term deposits	101,624	126,584	1,273	3,941
Total	188,055	179,018	4,411	6,669
Less: Short-term deposits (Maturity >3 months)	(100,000)	(100,000)	–	–
Cash and cash equivalents	88,055	79,018	4,411	6,669

Cash at banks

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

Short-term deposits

Short-term deposits are for various periods between one to three months (2023: one to three months) and earn 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 30 June 2024 and 31 December 2023	50,500,000	149,278

Convertibles

The Company did not have outstanding options, convertibles or subsidiary holdings as at 30 June 2024 and 31 December 2023.

EBT shares

The Company has no EBT shares as at 30 June 2024 and 31 December 2023.

Treasury shares

The Company has 3,649,100 treasury shares (approximately 7.23% of the total number of issued shares) as at 30 June 2024 (31 December 2023: 3,649,100).

17. Earnings per share

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

Diluted earnings per share is calculated by dividing profit for the period, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period 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:

	Group	
	6 months ended 30/6/2024	6 months ended 30/06/2023
	RMB'000	RMB'000
(Loss)/Profit for the periods attributable to owners of the Company used in the computation of basic and diluted loss per share	(3,560)	659
Weighted average number of ordinary shares for basic earnings per share computation ('000) #	46,691	47,191
Effects of dilution of share awards ('000)	-	-
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	46,691	47,191
Basic earnings/(loss) per share (RMB cents)	(7.62)	1.40
Diluted earnings/(loss) per share (RMB cents)	(7.62)	1.40

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

As at 30 June 2024, no treasury shares and EBT shares are granted to employees under the Performance Share Plan 2014.

**F. Other information required by Listing Rule Appendix 7.2
For the half year ended 30 June 2024**

1. Review

The condensed consolidated statement of financial position of the Group as at 30 June 2024 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 six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

A) Income Statements

Revenue

1H2024 vs 1H2023

Revenue decreased by RMB8.0 million or 11% from RMB74.7 million in 1H2023 to RMB66.7 million in 1H2024. The decrease was mainly due to the decrease of revenue from Catalyst Business, CSC business and Engineering services, further described as follows:

Revenue from our Catalyst Business

Revenue from our Catalyst Business decreased by RMB3.7 million or 40% from RMB9.2 million in 1H2023 to RMB5.5 million in 1H2024. This was mainly due to decrease of revenue from sales of ammonia catalysts and catalyst processing business.

Revenue from our Engineering Services

Revenue from our Engineering Services decreased by RMB0.6 million or 18% from RMB3.3 million in 1H2023 to RMB2.7 million in 1H2024 mainly due to decrease of revenue from EPC Services.

Revenue from our CSC Business

Revenue from our CSC Business decreased by RMB3.7 million or 6% from RMB62.2 million in 1H2023 to RMB58.5 million in 1H2024. The decrease was due to lower percentage of completion for CSC contracts and decrease in number of contracts in progress during the 1H2024.

Gross profit and gross profit margin

1H2024 vs 1H2023

Our overall gross profit decreased by RMB4.8 million or 32% from RMB15.2 million in 1H2023 to RMB10.4 million in 1H2024 and our gross profit margin decreased from 20% in 1H2023 to 16% in 1H2024.

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

- 1) The gross profit of Catalyst business decreased by RMB0.7 million from RMB2.4 million in 1H2023 to RMB1.7 million in 1H2024 mainly due to the decline in revenue from sale of ammonia catalysts in 1H2024. The gross profit margin was however increased by 6% from 26% in 1H2023 to 32% in 1H2024, mainly attributable to higher gross margin contributions from the sale of patented hydrocarbon catalysts in 1H2024.
- 2) Gross profit of CSC business fell by RMB4.0 million from RMB11.9 million in 1H2023 to RMB7.9 million in 1H2024 mainly attributable to the decrease in number of contracts in progress, lower percentage of completion for CSC contracts in 1H2024. The gross profit margin decreased by 6% from 19% in 1H2023 to 13% in 1H2024 mainly attributable to decrease of revenue from patented technologies which contributed higher gross 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 marginally by RMB0.1 million from RMB0.9 million in 1H2023 to RMB0.8million in 1H2024. On the whole, the gross profit margin for this segment increased by 2% from 29% in 1H2023 to 31% in 1H2024 mainly attributable to increases in revenue from the engineering services that had generated higher gross margin in 1H2024.

Finance and other income

1H2024 vs 1H2023

Finance and other income decreased by RMB0.04 million or 1% from RMB2.68 million in 1H2023 to RMB2.64 million in 1H2024. The decrease was mainly due to net foreign exchange loss amounting to RMB0.04 million.

Marketing and distribution expenses

1H2024 vs 1H2023

Marketing and distribution expenses increased RMB0.2 million or 7% from RMB2.8 million in 1H2023 to RMB3.0 million in 1H2024. The increase was mainly attributable to the increase in sales staff's salary and bonus amounting to RMB0.2 million and after-sales maintenance of RMB 0.2 million, which is partially offset by the decrease in travelling expenses of RMB0.2 million in 1H2024 as compared to 1H2023.

Administrative expenses

1H2024 vs 1H2023

Administrative expenses for both reporting periods remain relatively the same at RMB 10.4 million.

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

A) Income Statements (cont'd)

Research expenses

1H2024 vs 1H2023

Research expenses increased by RMB1.6 million or 59% from RMB2.7 million in 1H2023 to RMB4.3 million in 1H2024. This was mainly attributable to higher expenses incurred for new waste heat boiler tube bundle improvement efforts in 1H2024.

Income tax expenses

1H2024 vs 1H2023

Income tax expenses decreased by RMB0.01 million from RMB0.01 million in 1H2023 to Nil in 1H2024 due to lower profits reported by the Group's subsidiary in 1H2024 as compared to 1H2023.

Net profit attributable to owners of the Company

1H2024 vs 1H2023

Consequent to the above, the owners of the Company reported a net loss of RMB 3.6 million in 1H2024 as compared to a net profit of RMB0.7 million in 1H2023.

B) Balance Sheet Statements

Non-current assets

Non-current assets decreased by RMB2.1 million or 4% from RMB56.0 million as at 31 December 2023 to RMB53.9 million as at 30 June 2024. Non-current assets comprised property, plant and equipment, investment property, intangible assets, right of use asset, deferred tax assets and prepayments.

Property, plant and equipment decreased by RMB2.2 million or 5% from RMB41.7 million as at 31 December 2023 to RMB39.5 million as at 30 June 2024, mainly due to depreciation charges of RMB3.7 million. The decrease was partially offset by additions during the period.

Current assets

Current assets increased by RMB4.6 million or 1.4% from RMB338.9 million as at 31 December 2023 to RMB343.5 million as at 30 June 2024. The increase was mainly due to the following:

- a) The increase in inventories of RMB2.7 million was mainly due to increase in raw materials purchased for CSC business contract orders;
- b) The increase in trade and other receivables of RMB2.5 million was due to the increase of bid bonds.
- c) The decrease in contract assets of RMB11.5 million was due to amounts being transferred to receivables when contractual payment milestones were reached;
- d) The increase in bills receivable of RMB0.6 million was due to higher receipt of bills receivable from customers.
- e) The increase in prepayments of RMB1.3 million was mainly due to the increase in payments made to suppliers for the purchase of raw materials.
- f) Net increase in cash and cash equivalents and short-term deposits of RMB9.0 million, as explained (please refer to Review of Condensed Interim Consolidated Statement of Cash Flows).

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

A) Balance Sheet Statements (cont'd)

Current assets (cont'd)

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

Item by nature	30/06/2024 RMB'000	< 6 months RMB'000	6-12 months RMB'000	1-2years RMB'000	>2years RMB'000
Trade Receivables					
Receivables from sales	39,558	10,449	4,829	7,669	16,611
Less: Impairment losses on trade receivables, net	(22,202)	(1,797)	(831)	(3,258)	(16,316)
Sub-total	17,356	8,652	3,998	4,411	295
Other Receivables					
A. Bills receivable	24,295	24,295			
B. Operation cash advances	250	250			
C. Bid bonds	4,358	4,358			
D. GST receivables	22	22			
Total	46,281	37,577	3,998	4,411	295

Current liabilities

Current liabilities increased by RMB6.1 million or 6% from RMB95.7 million as at 31 December 2023 to RMB101.8 million as at 30 June 2024.

- a) The increase in contract liabilities of RMB11.2 million was due to higher progressive amounts received from customers based on contractual payment terms whereby revenue was not recognised as per the Group's revenue recognition policy;
- b) The decrease in trade and other payables of RMB3.1 million was due to settlements with our suppliers.
- c) The decrease in other liabilities of RMB1.6 million was mainly due to payments of the employees' FY2023 bonuses.
- d) The decrease in income tax payable of RMB0.4 million was due to the payment during the year as well as tax refund received during the year for prior year.

C) Cash Flow Statements

1H2024

Cash and cash equivalents and short-term deposits increased by RMB9.1 million in 1H2024, which was mainly attributed to increase of cash flow from operating activities of RMB11.3 million, decrease of cash flow from investing activities of RMB2.2 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 RMB47.0million for 1H2024 representing 70.4% (RMB74.7 million for 1H2023 representing 97.7%) 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 30 June 2024 was approximately RMB162.9 million (31 December 2023: RMB175.1 million), of which RMB103.5 million (31 December 2023: RMB123.3 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 period reported on

The Company does not recommend any dividend for the financial period ended 30 June 2024.

(b) Corresponding period of the immediately preceding financial year

The Company did not recommend or declare any dividend for the financial period ended 30 June 2023.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

(e) If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared or recommended by the Board for the half year ended 30 June 2024 after taking into consideration the uncertainties of the macroeconomic environment particularly challenges for capital goods industry.

6. Interested person transactions

There was no interested person transaction which is S\$100,000 and above during the period under review. The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

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 half year ended 30 June 2024 to be false or misleading in any material aspect. On behalf of the Board of Directors.

[Signed]

[Signed]

Zheng, ZhiZhong
Executive Director and Chief Executive Officer

Dai, FengYu
Executive Director

Singapore
12 August 2024