



Anchun International Holdings Ltd.

(Incorporated in Singapore)

(Company registration number: 200920277C)

**Condensed Interim Financial Statements
For the half year ended 30 June 2023**

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

	Note	Group		Change %
		Unaudited	Unaudited	
		6 months ended		
		30/06/2023	30/06/2022	
		RMB'000	RMB'000	
Revenue	4	74,734	82,483	(9)
Cost of sales		(59,504)	(62,933)	(5)
Gross profit		15,230	19,550	(22)
Other item of income				
Finance and other income		2,677	2,970	(10)
Other items of expenses				
Marketing and distribution expenses		(2,810)	(2,730)	3
Administrative expenses		(10,390)	(9,322)	11
Research expenses		(2,730)	(1,932)	41
Impairment losses on of financial assets, net		(1,300)	(923)	41
Other operating expense		–	(157)	(100)
Finance costs				
- Bank charges		(5)	(2)	150
Profit before taxation	6	672	7,454	(91)
Income taxation		(13)	(521)	(98)
Total comprehensive income for the period attributable to owners of the Company		659	6,933	(90)
Earnings per share (RMB cents):				
Basic	17	1.40	14.54	(90)
Diluted	17	1.40	14.54	(90)

N.M. - not meaningful

B. Unaudited condensed interim statements of financial position
As at 30 June 2023

	Note	Group			Company		
		Unaudited 30/06/2023 RMB'000	Audited 31/12/2022 RMB'000	Change %	Unaudited 30/06/2023 RMB'000	Audited 31/12/2022 RMB'000	Change %
ASSETS							
Non-current assets							
Property, plant and equipment	11	42,017	44,740	(6)	–	–	–
Intangible assets	9	388	570	(32)	–	–	–
Investment in a subsidiary		–	–	–	75,631	75,631	–
Investment properties	12	2,802	3,117	(10)	–	–	–
Right of use asset	10	11,700	11,883	(2)	–	–	–
Prepayments		894	255	251	–	–	–
		57,801	60,565	(5)	75,631	75,631	–
Current assets							
Inventories		27,982	31,757	(12)	–	–	–
Trade and other receivables	13	47,055	55,431	(15)	37,895	37,860	–
Contract assets	4.4	89,845	82,419	9	–	–	–
Prepayments		2,768	3,271	(15)	33	61	(46)
Short term deposits		100,000	60,000	67	–	–	–
Cash and cash equivalents	15	65,172	115,748	(44)	8,873	16,068	(45)
		332,822	348,626	(5)	46,801	53,989	(13)
Total assets		390,623	409,191	(5)	122,432	129,620	(6)
EQUITY AND LIABILITIES							
Current liabilities							
Trade and other payables		38,274	40,795	(6)	12,694	12,596	1
Contract liabilities	4.4	33,064	39,795	(17)	–	–	–
Other liabilities		17,216	20,988	(18)	739	803	(8)
Income tax payable		3,761	4,310	(13)	–	–	–
		92,315	105,888	(13)	13,433	13,399	–
Net current assets		240,507	242,738	(1)	33,368	40,590	(18)
Total liabilities		92,315	105,888	(13)	13,433	13,399	–
Net assets		298,308	303,303	(2)	108,999	116,221	(6)
Equity attributable to owners of the Company							
Share capital	16	149,278	149,278	–	149,278	149,278	–
Treasury/employee benefit trust shares		(4,197)	(4,197)	–	(4,197)	(4,197)	–
Other reserves		128,949	128,640	–	(10)	(10)	–
Accumulated profits/(losses)		24,278	29,582	(18)	(36,072)	(28,850)	25
Total equity		298,308	303,303	(2)	108,999	116,221	(6)
Total equity and liabilities		390,623	409,191	(5)	122,432	129,620	(6)

C. Unaudited condensed interim statements of changes in equity
For the half year ended 30 June 2023

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)/gain 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 2022	149,278	(3,391)	125,817	(10)	1,725	42,828	6,274	75,000	2,224	273,928
Profit for the period, representing total comprehensive income	–	–	–	–	–	–	–	–	6,933	6,933
<u>Others</u>										
Utilisation of Statutory Reserve Fund, net	–	–	578	–	–	–	578	–	(578)	–
Balance at 30 June 2022	149,278	(3,391)	126,395	(10)	1,725	42,828	6,852	75,000	8,579	280,861
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	–	–	–	–	–	–	–	–	659	659
<u>Others</u>										
Transfer to Statutory Reserve Fund, net	–	–	309	–	–	–	309	–	(309)	–
Dividend paid	–	–	–	–	–	–	–	–	(5,654)	(5,654)
Balance at 30 June 2023	149,278	(4,197)	128,949	(10)	1,725	44,822	7,412	75,000	24,278	298,308

C. Unaudited condensed interim statements of changes in equity (cont'd)
For the half year ended 30 June 2023

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 2022	149,278	(3,391)	(10)	(10)	(34,630)	111,247
Loss for the period, representing total comprehensive income for the year	–	–	–	–	(1,417)	(1,417)
Balance at 30 June 2022	149,278	(3,391)	(10)	(10)	(36,047)	109,830
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	–	–	–	–	(1,568)	(1,568)
<u>Contributions by and distribution to owners</u>						
Dividend paid	–	–	–	–	(5,654)	(5,654)
Balance at 30 June 2023	149,278	(4,197)	(10)	(10)	(36,072)	108,999

D. Unaudited condensed interim consolidated statement of cash flows
For the half year ended 30 June 2023

	Note	Group	
		Unaudited	Unaudited
		6 months ended	
		30/06/2023	30/06/2022
		RMB'000	RMB'000
Operating activities			
Profit before tax		672	7,454
<u>Adjustments for:</u>			
Depreciation of property, plant and equipment	6	3,857	4,088
Depreciation of right-of-use assets	6	183	183
Depreciation of investment properties	6	315	315
Amortisation of intangible assets	6	197	195
Gain on disposal of property, plant and equipment	6	(115)	(98)
Impairment losses on financial assets, net	6	1,300	923
Write-off of property, plant and equipment	6	181	1
Net foreign exchange gain		(81)	(10)
Finance costs		5	2
Finance income		(822)	(415)
Operating cash flows before changes in working capital		5,692	12,638
<u>Changes in working capital</u>			
Decrease/(Increase) in:			
Inventories		3,775	(11,193)
Trade and other receivables		7,076	15,575
Contract assets		(7,426)	9,068
Prepayments		517	888
(Decrease)/Increase in:			
Trade and other payables		(2,272)	1,118
Contract liabilities		(6,731)	(10,434)
Other liabilities		(3,758)	(1,406)
Total changes in working capital		(8,819)	3,616
Cash flows (used in)/generated from operations		(3,127)	16,254
Interest received		822	415
Interest paid		(5)	(2)
Income taxes paid		(563)	1
Net cash flows (used in)/generated from operating activities		(2,873)	16,668

D. Unaudited condensed interim consolidated statement of cash flows (cont'd)
For the half year ended 30 June 2023

	Note	Group	
		Unaudited 30/06/2023	Unaudited 30/06/2022
		RMB'000	RMB'000
Investing activities			
Proceeds from sale of property, plant and equipment	11	62	139
Purchase of Intangible assets - software		(15)	(304)
Purchase of property, plant and equipment	11	(2,177)	(615)
Placement of fixed deposits		(40,000)	—
Net cash used in investing activities		(42,130)	(780)
Financing activity			
Dividends paid		(5,654)	—
Net cash used in financing activity		(5,654)	—
Net (decrease)/increase in cash and cash equivalents		(50,657)	15,888
Cash and cash equivalents at beginning of period		115,748	129,678
Effect of exchange rate changes on cash and cash equivalents		81	10
Cash and cash equivalents at end of period	15	65,172	145,576

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

The Group has adopted all new and revised SFRS(I) that are effective for annual periods beginning on or after 1 January 2023 and adopted the amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 Disclosure of Accounting Policies.

The amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. Since the amendments to SFRS(I) Practice Statement 2 provide non-monetary guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

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 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 is no significant judgement 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 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 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)

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 30 June 2022				
Revenue				
External customers	5,868	72,946	3,669	82,483
Total revenue	5,868	72,946	3,669	82,483
Results:				
Segment gross profit	1,433	16,676	1,441	19,550
Finance income				415
Other income				2,555
Impairment losses on financial assets, net				(923)
Marketing and distribution expenses				(2,730)
Administrative expenses				(9,322)
Research expenses				(1,932)
Other expenses				(157)
Finance costs				(2)
Profit before tax				7,454
Other material non-cash items				
Depreciation and amortisation				(4,677)
Gain on disposal of property, plant and equipment, net				98
Write-off of property, plant and equipment				(1)

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 2023, revenue from two (2022: two) major customers amount to RMB26,374,000 (2022: RMB18,902,000), arising from sales by the CSC Business segment (2022: CSC Business segment).

4. Segment revenue information (cont'd)

4.2. Disaggregation of Revenue

	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

	The Group 6 months ended 30 June 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	5,868	72,946	3,669	82,483
Major product or service lines				
Catalyst	5,868	–	–	5,868
Chemical systems and components	–	72,946	–	72,946
Engineering and design services	–	–	3,669	3,669
	5,868	72,946	3,669	82,483
Timing of transfer of goods or services				
At a point in time	5,868	–	–	5,868
Over time	–	72,946	3,669	76,615
	5,868	72,946	3,669	82,483

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:

	30/06/2023 RMB'000	Group 31/12/2022 RMB'000	01/01/2022 RMB'000
Receivables from contracts with customers (Note 13)	19,724	19,225	14,306
Contract assets	89,845	82,419	81,105
Contract liabilities	33,064	39,795	74,029

During current financial period, the Group has recognised impairment losses on receivables, net, on receivables arising from contracts with customers of RMB1,300,000 (30 June 2022: RMB434,000).

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 Nil (30 June 2022: 464,000). 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:

	30/06/2023 RMB'000	Group 30/06/2022 RMB'000
Contract assets reclassified to receivables	31,957	38,401

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:

	Group	
	30/06/2023	30/06/2022
	RMB'000	RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the period	21,938	36,892

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 2023 is RMB128,984,000 (2022: RMB135,583,000) from which the Group expects to recognise RMB65,200,000 as revenue in the financial year 2023 and RMB63,784,000 in the financial year 2024.

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 2023 and 31 December 2022:

	Group		Company	
	30/06/2023	31/12/2022	30/06/2023	31/12/2022
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
<i>Financial assets</i>				
Trade and other receivables (excluding sales tax receivables)	47,026	55,427	37,866	37,856
Cash and bank balances	165,172	175,748	8,873	16,068
Total undiscounted financial assets	212,198	231,175	46,739	53,924
<i>Financial liabilities</i>				
Trade and other payables (excluding sales tax and other tax payables)	28,648	28,727	12,694	12,596
Other liabilities	17,221	20,988	739	803
Total undiscounted financial liabilities	45,869	49,715	13,433	13,399
Total net undiscounted financial assets	166,329	181,460	33,306	40,525

6. Profit before taxation

6.1. Significant items

	Group	
	6 months ended	
	30/06/2023	30/06/2022
	RMB'000	RMB'000
<u>Income</u>		
Interest income on bank balances and deposits	822	415
Government grants	32	102
Sale of scrap materials and parts	513	681
Rental income from investment properties	1,144	1,163
Net foreign exchange gain/(loss)	81	10
Compensation from suppliers on late deliveries	23	132
Gain on disposal of property, plant and equipment, net	115	98
<u>Expenses</u>		
Depreciation of property, plant and equipment	3,857	4,088
Depreciation of investment property	315	315
Depreciation of right-of-use assets	183	183
Amortisation of intangible assets	197	91
Impairment losses on financial assets, net	1,300	923
Write-off of property, plant and equipment	181	1
Finance costs	5	2

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>30/06/2023</u>	<u>31/12/2022</u>	<u>30/06/2023</u>	<u>31/12/2022</u>
Net asset value per share (RMB per share)	6.32	6.43	2.31	2.46

Net asset value per ordinary share as at 30 June 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 47,190,900 ordinary shares as at 30 June 2023 and 31 December 2022.

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 2023			
	Investment properties			
	– Xiang Kai Shi Hua Tower	9,494	–	–
	– Lufeng Road, Hi-Tech Industrial Development Zone	–	7,613	1,774
	– Lusong Road, Hi-Tech Industrial Development Zone	-	2,876	1,028
	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 RMB'000
Group	
At 31 December 2022	
Cost	2,348
Accumulated amortisation and impairment	(1,778)
Net book amount	<u>570</u>
6 months ended 30 June 2023	
Opening net book amount	570
Additions	15
Amortisation charge for the period	(197)
Closing net book amount	<u>388</u>
At 30 June 2023	
Cost	2,363
Accumulated amortisation and impairment	(1,975)
Net book amount	<u>388</u>

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 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 2022	
Cost	18,271
Accumulated depreciation and impairment	(6,388)
Net book amount	<u>11,883</u>
6 months ended 30 June 2023	
Opening net book amount	11,883
Amortisation charge for the period	(183)
Closing net book amount	<u>11,700</u>
At 30 June 2023	
Cost	18,271
Accumulated amortisation and impairment	(6,571)
Net book amount	<u>11,700</u>

11. Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired assets amounting to RMB2.2 million (30 June 2022: RMB0.6 million), provided for depreciation amounted to RMB4.5 million and disposed of assets amounting to RMB0.1 million (30 June 2022: RMB0.1 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	
	30/06/2023	31/12/2022
	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	(13,909)	(13,278)
Depreciation charge for the period/year	(315)	(631)
End of financial period	(14,224)	(13,909)
Net carrying amount		
At end of financial period/year	2,802	3,117
Fair value	19,983	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 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 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	26.5 years (2022: 27 years)
No. 65, Lufeng Road, Hi-Tech Industrial Development Zone, Changsha, PRC	Manufacturing	Leasehold, 50 years lease from 16 August 2002	29.5 years (2022: 30 years)
No. 539, Lusong Road, Hi-Tech Industrial Development Zone, Changsha, PRC	Manufacturing	Leasehold, 50 years lease from 28 February 2007	33.5 years (2022: 34 years)

13. Trade and other receivables

13.1. Trade and other receivables

	Group		Company	
	30/06/2023 RMB'000	31/12/2022 RMB'000	30/06/2023 RMB'000	31/12/2022 RMB'000
Trade receivables	20,024	19,225	–	–
Bills receivable	25,124	32,265	–	–
VAT/GST receivables	29	4	29	4
Amount due from a subsidiary (non-trade)	–	–	37,866	37,856
Other receivables	1,878	3,937	-	–
Total trade and other receivables	47,055	55,431	37,895	37,860
Add:				
Contract assets	89,845	82,419	–	–
Cash and bank balances	165,172	175,748	8,873	16,068
Less:				
VAT/GST receivables	(29)	(4)	(29)	(4)
Total financial assets carried at amortised cost	302,043	313,594	46,739	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			
	Trade receivables	Contract assets	Trade receivables	Contract assets
	30/06/2023 RMB'000	30/06/2023 RMB'000	31/12/2022 RMB'000	31/12/2022 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	1,300	-	(1,404)	1,688
Written-off		-	(429)	-
	<hr/>			
At end of financial year	25,816	10,346	24,516	10,346

14. Borrowings

The Group has no outstanding borrowings and debt securities as at 30 June 2023 (31 December 2022: nil).

15. Cash and cash equivalents

	Group		Company	
	30/06/2023 RMB'000	31/12/2022 RMB'000	30/06/2023 RMB'000	31/12/2022 RMB'000
Cash at banks and on hand	156,153	157,733	4,113	2,857
Short-term deposits	9,019	18,015	4,760	13,211
	<hr/>			
Total	165,172	175,748	8,873	16,068
Less: Short-term deposits	(100,000)	(60,000)	-	-
	<hr/>			
Cash and cash equivalents	65,172	115,748	8,873	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 for various periods between one to three months (2022: 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 2023 and 31 December 2022	50,500,000	149,278

Convertibles

The Company did not have outstanding options, convertibles or subsidiary holdings as at 30 June 2023 and 31 December 2022.

EBT shares

The Company has no EBT shares as at 30 June 2023 and 31 December 2022.

Treasury shares

The Company has 3,309,100 treasury shares (approximately 6.55% of the total number of issued shares) as at 30 June 2023 (31 December 2022: 3,309,100).

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 30/6/2023	6 months ended 30/06/2022
	RMB'000	RMB'000
Profit for the periods attributable to owners of the Company used in the computation of basic and diluted loss per share	659	6,933
Weighted average number of ordinary shares for basic earnings per share computation ('000) #	47,191	47,691
Effects of dilution of share awards ('000)	-	-
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	47,191	47,691
Basic earnings/(loss) per share (RMB cents)	1.41	14.54
Diluted earnings/(loss) per share (RMB cents)	1.41	14.54

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 2023, 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 2023**

1. Review

The condensed consolidated statement of financial position of the Group as at 30 June 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 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

1H2023 vs 1H2022

Revenue decreased by RMB7.7 million or 9% from RMB82.5 million in 1H2022 to RMB74.8 million in 1H2023. 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 RMB3.4 million or 58% from RMB5.9 million in 1H2022 to RMB9.3 million in 1H2023. This was mainly due to increase of revenue from sales of ammonia catalysts.

Revenue from our Engineering Services

Revenue from our Engineering Services decreased by RMB0.4 million or 11% from RMB3.7 million in 1H2022 to RMB3.3 million in 1H2023 mainly due to decrease of revenue from EPC Services.

Revenue from our CSC Business

Revenue from our CSC Business decreased by RMB10.7 million or 15% from RMB72.9 million in 1H2022 to RMB62.2 million in 1H2023. The decrease was due to lower percentage of completion for CSC contracts and decrease in number of contracts in progress during the 1H2023.

Gross profit and gross profit margin

1H2023 vs 1H2022

Our overall gross profit decreased by RMB4.3 million or 22% from RMB19.5 million in 1H2022 to RMB15.2 million in 1H2023 and our gross profit margin decreased from 24% in 1H2022 to 20% in 1H2023.

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

- 1) The gross profit of Catalyst business increased by RMB1.0 million from RMB1.4 million in 1H2022 to RMB2.4 million in 1H2023 mainly due to increase of revenue from ammonia catalysts sales in 1H2023. The gross profit margin increased by 2% from 24% in 1H2022 to 26% in 1H2023, mainly attributable to one of the catalyst processing business contracts which contributed higher gross margin in 1H2023.
- 2) Gross profit of CSC business decreased by RMB4.8 million from RMB16.7 million in 1H2022 to RMB11.9 million in 1H2023 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 4% from 23% in 1H2022 to 19% in 1H2023 mainly attributable to the increase of revenue from one of the contracts with lower 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 by RMB0.5 million from RMB1.4 million in 1H2022 to RMB0.9 million in 1H2023. The gross profit margin decreased by 10% from 39% in 1H2022 to 29% in 1H2023 mainly attributable to the decrease of revenue from EPC Services which contributed higher gross margin.

Finance and other income

1H2023 vs 1H2022

Finance and other income decreased by RMB0.3 million or 10% from RMB3.0 million in 1H2022 to RMB2.7 million in 1H2023. The decrease was mainly due to write-back of aged trade and payables amounting to RMB0.3million.

Marketing and distribution expenses

1H2023 vs 1H2022

Marketing and distribution expenses increased RMB0.1 million or 4% from RMB2.7 million in 1H2022 to RMB2.8 million in 1H2023. The increase was mainly attributable to the increase in travelling expenses of RMB 0.3 million which is partially offset by the decrease in after-sales maintenance of RMB 0.2 million in 1H2023 as compared to 1H2022.

Administrative expenses

1H2023 vs 1H2022

Administrative expenses increased by RMB1.1 million or 11% from RMB9.3 million in 1H2022 to RMB10.4 million in 1H2023. The increase was mainly due to the increase in the expenses outlined in the table below.

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

A) Income Statements (cont'd)

Item by nature	1H2023	1H2022	1H2023vs.1H2022 (Change)		Comments
	RMB'000	RMB'000	RMB'000	%	
Unallocated plant overheads allocated in administrative expenses	1,348	1,141	207	18	The increase is due to the lower volume of production resulting in higher unallocated manufacturing overheads recorded under administrative expenses in 1H2023 over 1H2022.
Salaries, bonuses and fees	3,901	3,434	467	14	Include salaries of executive directors and heads of department deployed in administrative functions. Increase is due to lower provision of bonuses as at FY2022.
Property lease fees	5	204	(199)	(98)	Decrease of property lease fees incurred for vehicles usage.
Staff compensation	204	11	193	N.M	Increase in staff compensation for work-related injuries and termination of labor contracts.
Safety cost	332	183	149	81	Increase in safety cost for catalyst business.
Other expenses	4,600	4,349	251	6	Other expenses are an aggregation of expenses. These expenses are less than RMB0.1 million individually.
Total	10,390	9,322	1,068	11	

N.M. - not meaningful,

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

A) Income Statements (cont'd)

Research expenses

1H2023 vs 1H2022

Research expenses increased by RMB0.8 million or 41% from RMB1.9 million in 1H2022 to RMB2.7 million in 1H2023. This was mainly attributable to higher expenses incurred for safe, efficient and low-energy synthetic ammonia complete set of engineering integration technology in 1H2023.

Income tax expenses

1H2023 vs 1H2022

Income tax expenses decreased by RMB0.49 million from RMB0.5 million in 1H2022 to RMB0.01 million in 1H2023 due to the lower profits reported by the Group's subsidiary in 1H2023 as compared to 1H2022.

Net profit attributable to owners of the Company

1H2023 vs 1H2022

The net profit attributable to owners of the Company decreased by RMB6.3 million from a net profit of RMB7.0 million in 1H2022 to a net profit of RMB0.7 million in 1H2023 as explained above.

B) Balance Sheet Statements

Non-current assets

Non-current assets decreased by RMB2.8 million or 5% from RMB60.6 million as at 31 December 2022 to RMB57.8 million as at 30 June 2023. 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 RMB2.7 million or 6% from RMB44.7 million as at 31 December 2022 to RMB42.0 million as at 30 June 2023, mainly due to depreciation charges of RMB3.9 million. The decrease was partially offset by additions during the period.

Current assets

Current assets decreased by RMB15.8 million or 5% from RMB348.6 million as at 31 December 2022 to RMB332.8 million as at 30 June 2023. The decrease was mainly due to the following:

- a) The decrease in inventories of RMB3.8 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 RMB1.2 million is due to the receipt of the interest receivables.
- c) The increase in contract assets of RMB7.4 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 RMB7.1 million is due to the settlement of outstanding bills receivable. Settlement of the mentioned bills receivable have been transferred to cash and cash equivalents.
- e) The decrease in prepayments of RMB0.5 million was mainly due to lower volume of purchases of raw materials from vendors.
- f) The decrease in cash and cash equivalents and short-term deposits of RMB10.6 million was due to decrease in cash flow from operating activities of RMB2.9 million, cash flow from investing activities of RMB2.1 million and cash flow from dividends paid of RMB5.7 million.

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

B) 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	30/06/2023 RMB'000	< 6 months RMB'000	6-12 months RMB'000	1-2years RMB'000	>2years RMB'000
Trade Receivables					
Receivables from sales	45,540	12,713	6,425	7,044	19,358
Less: Impairment losses on trade receivables, net	(25,516)	(2,028)	(1,025)	(3,472)	(18,991)
Sub-total	20,024	10,685	5,400	3,572	367
Other Receivables					
A. Bills receivable	25,124	25,124			
B. Operation cash advances	646	646			
C. Bid bonds	1,232	1,232			
D. GST receivables	29	29			
Total	47,055	37,716	5,400	3,572	367

Current liabilities

Current liabilities decreased by RMB13.6 million or 13% from RMB105.9 million as at 31 December 2022 to RMB92.3 million as at 30 June 2023.

- a) The decrease in contract liabilities of RMB6.7 million was due to revenue recognition as the Group satisfies the contractual obligations according to the Group's revenue recognition policy.
- b) The decrease in trade and other payables of RMB2.5 million was due to the settlement of the VAT payables for the subsidiary due to delay from payment of VAT payables from October 2021 to June 2022.
- c) The decrease in other liabilities of RMB3.8 million was mainly due to payments of the employees' FY2022 bonuses.

C) Cash Flow Statements

1H2023

Cash and cash equivalents and short-term deposits decreased by RMB10.6 million in 1H2023, which was mainly attributed to decrease of cash flow from operating activities of RMB2.9 million, cash flow from investing activities of RMB2.1 million and cash flow from dividends paid of RMB5.7 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 RMB74.7 million for 1H2023 representing 97.7% (RMB71.4 million for the 1H2022 representing 87%) 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 2023 was approximately RMB129.0 million (31 December 2022: RMB136.3 million), of which RMB103.8 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 period reported on

The Company does not recommend any dividend for the financial period ended 30 June 2023.

(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 2022.

(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 2023 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 2023 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
10 August 2023