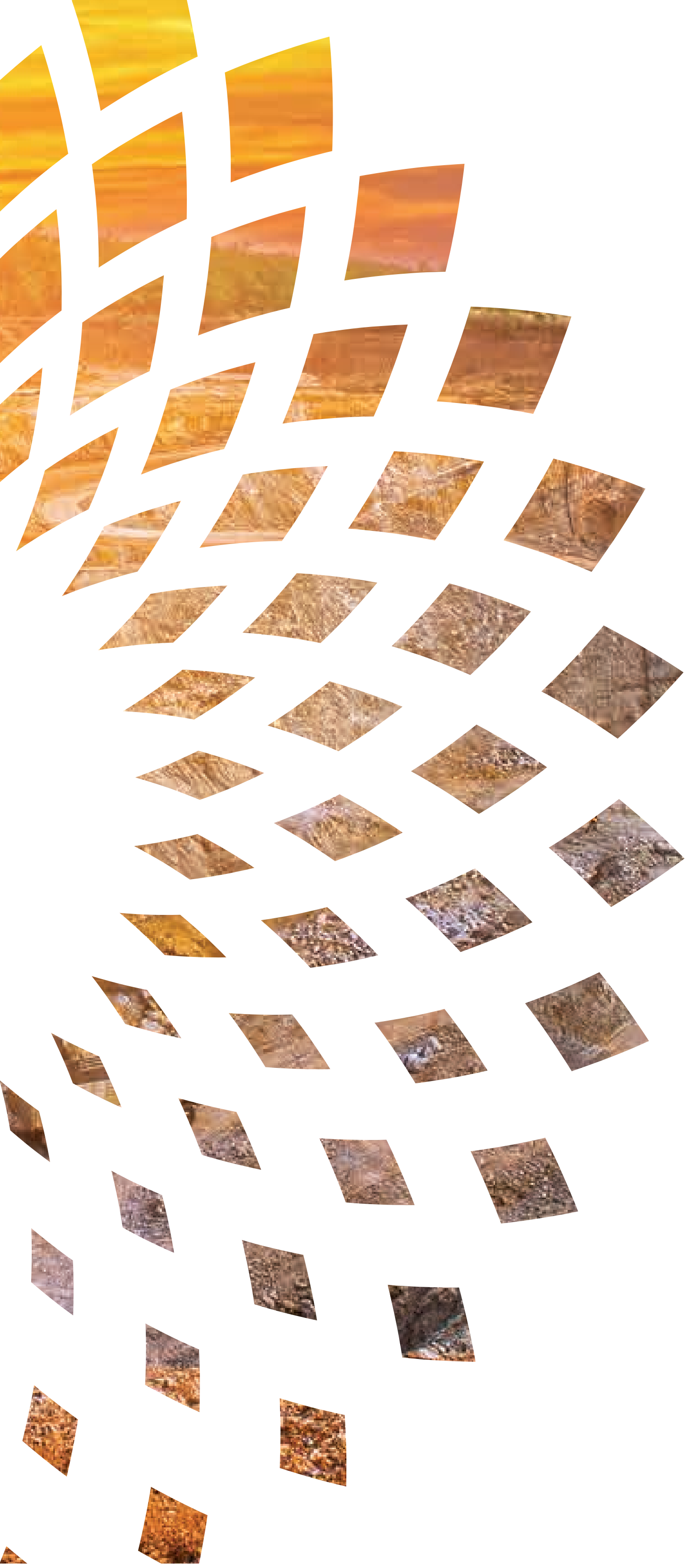
ASIAPHOS

ANNUAL REPORT 2021



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ABOUT US

AsiaPhos Limited was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 7 October 2013, and is the first mineral resources company listed on the SGX-ST focused on the mining of phosphate and the production of downstream phosphate-based chemical products. The Group owns a downstream processing facility in the Gongxing Industrial Park (Sichuan) which produces yellow phosphorus (P_4) and sodium tripolyphosphate (STPP).

As disclosed in recent public announcements, the Group is currently in discussion with the Chinese Government on the Chinese Government's order to cease operations of the Mining Assets and to vacate the Mining Assets.

Accordingly, the assets and directly associated liability of the mining assets were presented as assets of disposal group and liability directly associated with disposal group on the Group's consolidated balance sheet. Arising thereon, the results of the Group's upstream segment have been presented as discontinued operation on the Group's consolidated statement of comprehensive income.

MESSAGE TO SHAREHOLDERS

DEAR SHAREHOLDERS

BUSINESS UPDATES

Since November 2017, the Group has been in discussion with the Chinese Government in relation to Mine 1, Mine 2 and Fengtai Mine (collectively, the "Mining Assets"). The Group has been advised that while the Group's ownership of the Mining Assets was still valid as at 31 December 2017, the Mianzhu City Government's request for the Group to provide a letter of undertaking to vacate and rehabilitate its mining sites in respect of Mine 2 and Fengtai Mine and the non-renewal of mining and exploration licenses of Mine 1 is tantamount to an indirect expropriation of these Mining Assets by the Chinese Government.

SFRS(I) 5 provides that non-current assets held for sale and discontinued operations requires non-current assets to be classified as held for sale if the carrying amount will be recovered principally through a sale transaction or otherwise rather than continuing use. The carrying value of the Mining Assets is expected to be recovered principally through compensation receivable from the Chinese Government for its expropriation of the Group's Mining Assets.

SFRS(I) 5 also recognises that events and circumstances may extend the period required to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude the disposal group from being classified as held for sale if the delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the disposal group.

As at 31 December 2021, the disposal group has not been completed. As announced on 11 August 2020, the Group's lawyers have submitted a Request for Arbitration to the Chinese Government. The Group continues to be open to consider any compensation proposal from the Chinese Government.

Accordingly, due to the continuing discussion with the Chinese Government, the Board was of the view that it was appropriate for the Group to continue to present all mining related property, plant and equipment, mine properties, goodwill and deposits for mining levy, and the provision for rehabilitation as "assets of disposal group" and "liability of disposal group" respectively on the Group's consolidated balance sheet as at 31 December 2021.

While the Chinese Government had been engaging the Board in dialogue, it is the Board's view that they have failed to provide any meaningful settlement proposal and is perceived as attempting to drag out the process. It looks increasingly unlikely that the Chinese Government will settle the dispute amicably and that recovery will be dependent on the decision of the Arbitral Tribunal. Accordingly, the Board has reassessed the Group's position and the accounting treatment of the mining assets presented as asset of disposal Group thereby recognising an impairment loss of $90 million and writing back the deferred tax liability of $16.383 million

The Arbitration is pending and the Group is required to observe confidentiality in the Arbitration proceedings. However, the Group is also mindful of its obligations under the Catalist Listing Rules, and will make the requisite announcements as and when required.

SFRS(I)1-37 Provision, Contingent Liabilities and Contingent Assets does not allow Companies to recognise any contingent asset. Should the Group be successful in the Arbitration, it can record a gain only when the amount is awarded by the Arbitral Tribunal.

Trading conditions remain challenging and may be impacted by China's tough zero covid policy. Management continues to try to expand the geographical base of the Group's customers of downstream phosphate chemicals like STPP and STMP produced by our tenant and cooperation partner, Lianyungang Zexin Food Ingredients Co Ltd.

The Group entered into a sale and purchase agreement with Sichuan Mianzhu Huaxinfeng Food Co.,Ltd ("Buyer") on 29 November 2021 in connection with the proposed disposal of the Phase 2 Factory Assets. 65% of the purchase consideration (or RMB20 million) has been received and the completion of the transaction will only occur when the Group receives the balance 35% of the purchase consideration which is expected in the 4th quarter of FY2022. The Buyer is a new company to be formed by our existing tenant (Lianyungang Zexin Food Ingredients Co Ltd) which has been renting the Phase 2 factory since May 2019.

Management is evaluating several proposals from parties interested in acquiring the Phase 1 P4 plant. The Group's Phase 1 P4 plant is newer compared to many other older and smaller P4 facilities which have been forced by the Chinese Government to stop production. The P4 market is currently a seller's market with the market prices of P4 in the region of RMB39,000 per ton (i.e. significantly higher than when our plant suspended production in 2018). The discussion for the Phase 1 P4 plant is in progress but there is no certainty that an agreement can be reached.

Management will continue to source for other corporate, business, acquisition and financing opportunities as and when available and appropriate in order to enhance the Group's value for shareholders.

FINANCIAL REVIEW

Revenue from continuing operations in FY2021 increased 50% y-o-y, to S$1.27 million due to higher sales of STMP and SHMP to the Indian and Japanese markets.

Expenses were driven by general and administration expenses, which increased by 33% y-o-y, to S$4.19 million primarily due to higher professional fees including legal fees relating to the pending Arbitration against the Chinese government.

As a result of the above, the Group recorded a loss after tax of $4.38 million in FY2021 for continuing operations, as compared to a loss after tax of $3.38 million in FY2020.

As a result of the Group's reassessment of the recoverable amount of the mining assets accounted for as assets for disposal group, it recorded an impairment loss of $90 million and wrote back deferred tax liability of $16.383 million. Consequently, the Group recorded a Loss after taxation of $77.85 million in FY2021 (compared to a corresponding loss of $2.77 million in FY2020).

Bank loans from Bohai Bank and SPD Rural Bank have been renewed on substantially similar terms as before. These loans are now due in December 2022 and January 2023, respectively.

Non-controlling interest has decreased from $9.31 million as at 31 December 2020 to a negative $2,54 million as at 31 December 2021 due to the recognition of the minority shareholder's share of the full impairment loss on the mining property held by 55% owned Deyang Fengtai Mining Company Ltd.

MOVING FORWARD

Trading of other phosphate chemicals will continue in 2022. We will continue to develop the export market for downstream phosphate chemicals and explore other opportunities to generate income, but the Covid global pandemic has made conditions challenging.

Management will continue to explore ways to maximise shareholder value and mitigate the Group's losses caused by the expropriatory actions of the Chinese government. We are currently in discussions for potential sale, lease or processing arrangements involving our Phase 1 Plant where the P4 production facilities are located. We are also exploring potential cooperation in businesses other than phosphate chemicals. All such discussions are going on concurrently and we will evaluate each and every option diligently and earnestly. Management will provide updates as and when material developments arise.

IN APPRECIATION

We would like to express our deepest gratitude to our fellow Board members, bankers, advisers, customers, suppliers and loyal shareholders for their patience, support and trust in the Group. Our heartfelt thanks go to our management and staff for their dedication and hard work amidst the challenges.

We look forward to your continued support.

GOH YEOW TIN
Non-Executive Chairman

DR ONG HIAN ENG
CEO and Executive Director

FINANCIAL **REVIEW**

INCOME STATEMENT

	FY2021 $'000	FY2020 $'000	Change %
Continuing operations			
Revenue	1,273	846	50
Cost of sales	(1,119)	(757)	48
Gross profit	154	89	73
Other income	629	740	(15)
Selling and distribution costs	(89)	(72)	24
General and adminstrative costs	(4,187)	(3,153)	33
Finance costs	(596)	(485)	23
Other expense	(254)	(386)	(34)
Profit/(loss) before tax, from continuing operations	(4,343)	(3,267)	33
Taxation	(40)	(122)	(67)
Loss from continuing operations, net of tax	(4,383)	(3,389)	29
Discontinued operation			
Profit/(loss) from discontinued operation, net of tax	(73,468)	624	(11,874)
Profit/(loss) for the period	(77,851)	(2,765)	2,716

Revenue increased by 50% to $1.3 million in FY2021 due to higher sales to the Japan and Indian market. Revenue in FY2021 was contributed mainly by the sale of STMP and SHMP. In FY2021, the Group sold 631 tonnes and 50 tonnes of STMP and SHMP, respectively, compared to 459 tonnes, 49 tonnes and 49 tonnes of STMP, SHMP and STPP in FY2020.

Gross profit increased by 73% to $0.2 million in FY2021 in line with the higher revenue.

Other income decreased by 15% to $0.6 million in FY2021 due to lower government grant. In FY2020, there was also interest income on late payment by a customer.

Selling and distribution costs increased by 24% to $0.09 million in FY2021, in line with the increase in revenue.

General & administrative costs increased by 33% to $4.2 million in FY2021, mainly due to higher professional fees, including legal fees relating to the arbitration, and largely offset by reductions in general operation expenses (including salaries and staff related costs and other administrative expenses).

Finance costs increased by 23% to $0.6 million in FY2021, mainly due to increased accrued interest in line with the increase of loans from a director and a controlling shareholder for the Group's working capital.

Other expense decreased by 34% to $0.3 million in FY2021, mainly due to impairment losses made for property, plant and equipment in FY2020. In FY2021, the Group recorded cost of sale of excess raw materials of $0.2 million.

Tax expense decreased by 67% to $0.04 million in FY2021, mainly due to lower provision for deferred taxation on the temporary differences which were lower in 2021 compared to 2020.

Loss from the discontinued operation of $73.5 million in FY2021 was mainly due to the impairment of assets held for disposal of $90.1 million and mitigated by reversal of deferred tax liabilities relating to the mine assets of $16.4 million.

As a result of the above, the Group recorded a loss after tax of $77.9 million in FY2021, as compared to a loss after tax of $2.8 million in FY2020

BALANCE SHEET

	Group		
	As at 31 December		
	2021 $'000	2020 $'000 (Restated)	Change %
Non-current assets	11,842	17,768	(33)
mainly comprised of			
Land use rights	–	–	–
Right-of-use asset	1,481	4,040	(63)
Property, plant and equipment	10,353	13,728	(25)
Current assets	10,004	91,004	(89)
mainly comprised of			
Stocks	153	233	(34)
Other receivables and prepayments	498	125	298
Cash and bank balances	2,876	848	239
Assets of disposal group	–	89,775	(100)
Non-current assets classified as held for sale	6,476	–	N.M
Current liabilities	17,664	27,766	(36)
mainly comprised of			
Other payables	7,998	2,902	176
Advance payments from customers	273	339	(19)
Interest-bearing bank loans	6,211	6,300	(1)
Loan due to a director	1,792	913	96
Loan due to a controlling shareholder	456	–	N.M
Liability of disposal group	852	17,190	(95)
Net current assets/(liabilities)	(7,660)	63,238	(112)
Non-current liabilities	3,324	3,157	5
mainly comprised of			
Deferred tax liabilities	1,104	1,022	8
Deferred income	2,085	1,975	6
Net assets	858	77,849	
Equity attributable to owners of the Company			
Share capital	78,283	78,283	
Reserves	(74,888)	(9,744)	
	3,395	68,539	
Non-controlling interest	(2,537)	9,310	
Total equity	858	77,849	

"N.M" denotes not meaningful

Reduction in non-current assets by 33% to $11.8 million as at 31.12.2021 mainly due to the reclassification of Phase 2 property, plant and equipment and land use right to assets of disposal group in the current assets.

Decrease in current assets by 89% to $10 million as at 31.12.2021 mainly due to:

- decrease in stocks
- increase in other receivables and prepayments due to deposit payment to the International Centre for Settlement of Investment Dispute (ICSID), relating to the arbitration.
- increase in cash and bank balances due to deposits received from the disposal of Phase 2 plant.
- decrease in assets of disposal group due to impairment of mining assets.
- increase in non-current assets classified as held for sale relating to the sale of Phase 2 factory assets.

Decrease in current liabilities by 36% to $17.7 million as at 31.12.2021 mainly due to:

- increase in other payables, in line with the higher level of general and administrative expenses and deposits received from disposal of property, plant and equipment and land use right.
- decrease in advances from customers.
- decrease in interest-bearing bank loans mainly due to part repayment of bank loan principal.
- increase in loan due to a director and loan due to a controlling shareholder.
- decrease in liability of disposal group mainly due to prior year adjustment, reversal of deferred tax liabilities relating to investment in LYR.

Increase in non-current liabilities by 5% to $3.3 million as at 31.12.2021 mainly due to translation difference due to strengthing of RMB against SGD.

As a result of the above, net assets and equity attributable to owners of the Group reduced from $77.8 million as at 31.12.2020 to $0.858 million as at 31.12.2021.

FINANCIAL **REVIEW**

CASH FLOW

	FY2021 $'000	FY2020 $'000 (Restated)
Operating loss before working capital changes	(3,094)	(1,382)
Cash used in operations	(2,639)	(828)
Net cash flows used in operating activities	(2,683)	(720)
Net cash flows generated from investing activities	4,388	522
Net cash flows generated from financing activities	256	123
Net increase/(decrease) in cash and bank balances	1,961	(75)
Cash and cash equivalents at beginning of year	330	396
Effects of exchange rate changes on cash and bank balances	6	9
Cash and bank balances at end of year	2,297	330

Increase in Cash outflow from operating activities in FY2021 mainly due to higher operating loss due to higher legal and professional fees

Cash inflow from investing activities in FY2021 due to deposits received from the disposal of Phase 2 property, plant and equipment and land use right.

Cash inflow used in financing activities mainly due to loan from a director of $0.8 million and loan from a controlling shareholder of $0.4 million, partially offset by the payment of lease liability and repayment of bank loan of $0.4 million.

Accordingly, cash and bank balances increased by 596%, from $0.3 million to $2.3 million.

BOARD OF **DIRECTORS**

GOH YEOW TIN

Non-Executive Chairman and Independent Director,
Chairman of Remuneration and Nominating Committees

Mr Goh Yeow Tin was appointed a Director and the Chairman of the Remuneration and Nominating Committees on 22 August 2013. He is also a member of the Audit Committee. He was last re-elected on 8 May 2020. Mr Goh was appointed as the Chairman of the Board on 3 May 2019.

Mr Goh began his career with the Economic Development Board ("EDB") where he headed the Local Industries Unit and was subsequently appointed a Director of EDB's Automation Applications Centre between 1986 and 1988. He served as Deputy Executive Director of the Singapore Manufacturers' Association (now known as the Singapore Manufacturers' Federation) from 1983 to 1984. In 1988, Mr Goh joined Tonhow Industries Limited (now known as Asiamedic Limited), and served as its Deputy Managing Director until 1990. In 1989, he founded, and served as general manager of, International Franchise Pte Ltd until 1991. Between 1990 and 2000, Mr Goh served as the Vice-President of Times Publishing Limited. From 2001 to 2011, he was the CEO of Sino-Sing Center Pte. Ltd..

He is currently the Non-Executive Chairman of Seacare Foundation Pte Ltd, and an Independent Director of Taka Jewellery Holdings Limited (formerly known as TLV Holdings Limited), Vicom Ltd and KTMG Limited (formerly known as Lereno Bio-Chem Ltd). His past directorship of public listed companies in Singapore include Sheng Siong Group Limited, Singapore Post Limited and OEL (Holdings) Limited.

Mr Goh holds a Bachelor of Mechanical Engineering (Honours) from the University of Singapore (now known as the National University of Singapore) and a Masters' Degree in Engineering and Management from the Asian Institute of Technology. In 2015, Mr Goh was awarded the Public Service Star (Bar) and was appointed a Justice of Peace by the President of the Republic of Singapore. He is a member of the Singapore Institute of Directors.

DR. ONG HIAN ENG

CEO and Executive Director, Non-Independent

Dr. Ong Hian Eng has been an Executive Director and the CEO of our Company since 3 January 2012. He is also a member of the Nominating Committee. He was last re-elected on 8 May 2020.

His responsibilities include overseeing the overall development of our Group's corporate direction and policies as well as the Group's operations, and playing an active role in the development, maintenance and strengthening of strategic business relationships. He has been serving as a Director and Legal Representative of Sichuan Mianzhu Norwest Phosphate Chemical Co., Ltd. ("Mianzhu Norwest") since 1996 and January 2010 respectively.

Dr. Ong started his career at Cold Storage (Singapore) Ltd. as an executive and production manager between 1974 and 1978 and served as manufacturing manager at Rothmans of Pall Mall (Singapore) Pte. Limited between 1978 and 1981. He joined the Hwa Hong Group in 1981 as its general manager and served as Executive Director of Hwa Hong Group and various of its subsidiaries from February 1981 to July 2012, when he was redesignated as a Non-Executive Director.

He was a member of the Singapore Trade Development Board from January 1995 to December 1996. He is also a member of the Singapore-Sichuan Trade and Investment Committee and an Honorary Council Member of the Singapore Chinese Chamber of Commerce & Industry.

Dr. Ong holds a Bachelor of Science (Second class honours, Upper division) in Chemical Engineering from the University of Surrey, and a Doctor of Philosophy from the University of London. He is a corporate member in the class of fellows of The Institution of Chemical Engineers, London since November 1986. He is also a member of the Singapore Institute of Directors.

BOARD OF **DIRECTORS**

FRANCIS LEE FOOK WAH

Independent Director, Chairman of Audit Committee

Mr Francis Lee was appointed a Director and the Chairman of the Audit Committee on 22 August 2013. He was last re-elected on 27 April 2021. He is also a member of the Remuneration and Nominating Committees.

Mr Lee began his career in 1990 in the Commercial Crime Division of the Criminal Investigation Department, where he served as a senior investigation officer until 1993. Between 1993 and 1994, he joined OCBC Bank as an assistant manager. Between 1994 and 2001, he worked at Deutsche Morgan Grenfell Securities as a dealer's representative. He served at the Singapore branch of the Bank of China between 2001 and 2004 as an assistant manager. Between 2004 and 2005, he worked at AP Oil International Ltd as an investment and project manager. Between 2005 and 2011, he served as an Executive Director, Finance Director and Chief Financial Officer of Man Wah Holdings Ltd, a company listed on the Hong Kong Stock Exchange. He also served as a Non-Independent, Non-Executive Director of Man Wah Holdings Ltd between January 2011 and February 2012.

He was Chief Financial Officer of OKH Global Ltd from March 2015 until December 2017.

Mr Lee is currently Executive Director and Chief Financial Officer of Vibrant Group Limited, a company listed on the Main Board of the Singapore Stock Exchange.

He is an Independent Director of Net Pacific Financial Holdings Limited and Joyas International Holdings Limited. Mr Lee is also a Non-Independent Non-Executive Director of Figtree Holdings Limited.

He was an Independent Director of Sheng Siong Group Limited and Metech International Limited.

Mr Lee graduated from the National University of Singapore with a Bachelor of Business Administration (Accountancy) in 1990 and obtained a Master of Business Administration (Investment and Finance) from the University of Hull in 1993. He is a Chartered Accountant and a non-practising member of the Institute of Singapore Chartered Accountants. Mr Lee is also a member of the Singapore Institute of Directors.

ONG ENG HOCK SIMON

Non-Executive Director, Non-Independent

Mr Simon Ong has been an Executive Director since 1 October 2012 to 30 June 2019. He is re-designated as non executive director from 1 July 2019. He was last re-elected on 27 April 2021. He is a member of the Audit and Remuneration Committees. He has been serving as a Director of Mianzhu Norwest since January 2010.

Mr Ong started his career as an audit assistant at KPMG Peat Marwick in 1991 and was subsequently promoted to audit senior, audit supervisor and audit manager in 1992, 1994 and 1996, respectively. Between 1996 and 1999, he served as director of corporate and financial planning in King George Development Corporation. Between 2000 and 2002, he worked at KPMG as an audit manager.

He was later appointed as group finance manager of Hwa Hong Corporation Limited in 2002 and promoted to Chief Financial Officer in 2004, a position he held till July 2012.

Mr Ong is currently Chief Financial Officer of Rich Capital Holdings Limited. He is also an independent director and Audit Committee Chairman of RF Acquisition Corp, a blank check company listed on NASDAQ.

Mr Ong studied accountancy at North East London Polytechnic (now known as University of East London) and qualified as a Fellow of The Association of Chartered Certified Accountants. He is also a Chartered Accountant, non-practising member of the Institute of Singapore Chartered Accountants and a member of Certified Practising Accountant, Australia.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Additional Information on Directors seeking re-election pursuant to Rule 720(5) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules") and Directors seeking shareholders' approval in respect of Rule 406(3)(d)(iii) of the Catalist Rules.

Mr Goh Yeow Tin and Dr Ong Hian Eng are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 27 April 2022 ("**AGM**") under Ordinary Resolutions 2 and 3 as set out in the Notice of AGM dated 12 April 2022 (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Mr Goh Yeow Tin and Mr Francis Lee Fook Wah are the Directors seeking shareholders' approval at the forthcoming AGM under Ordinary Resolutions 6 to 9 pursuant to Catalist Rule 406(3)(d)(iii) which provides that the continued appointment of an independent director, after an aggregate period of more than 9 years on the board, must be sought and approved in separate resolutions by (A) all shareholders and (B) shareholders excluding directors, chief executive officer, and their associates (the "**TwoTier Voting**").

Information relating to the Retiring Directors, pursuant to Rule 720(5) of the Catalist Rules, and information relating to the Directors subject to the Two-Tier Voting as set out in Appendix 7F of the Catalist Rules is as set out below:

	GOH YEOW TIN	DR ONG HIAN ENG	FRANCIS LEE FOOK WAH
Date of Appointment	22 August 2013	3 January 2012	22 August 2013
Date of last re-appointment (if applicable)	8 May 2020	8 May 2020	27 April 2021
Age	71	75	56
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Goh as the Chairman of the Board and Independent Director of the Company was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Goh's qualifications, expertise, past experiences and overall contributions since he was appointed as a Director of the Company.	The re-election of Dr Ong as the Chief Executive Officer and Executive Director of the Company was recommended by the Nominating Committee and approved by the Board, after taking into consideration Dr Ong's qualifications, expertise, past experiences and overall contributions since he was appointed as a Director of the Company.	The re-election of Mr Lee as Independent Director of the Company was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Lee's qualifications, expertise, past experiences and overall contributions since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive Dr Ong's responsibilities include overseeing the overall development of the Group's corporate direction and policies as well as the Group's operations, and playing an active role in the development, maintenance and strengthening of strategic business relationships.	Non-Executive

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	GOH YEOW TIN	DR ONG HIAN ENG	FRANCIS LEE FOOK WAH
Job Title (e.g. Lead ID, AC Chairman, AC member etc.)	• Chairman of the Board • Independent Director • Chairman of Nominating and Remuneration Committees • Member of Audit Committee	• Chief Executive Officer and Executive Director • Member of Nominating Committee	• Independent Director • Chairman of Audit Committee • Member of Nominating and Remuneration Committees
Professional qualifications	• Bachelor of Engineering (Honours), University of Singapore • Masters' Degree in Engineering and Management, Asian Institute of Technology	• Bachelor of Science (Second class honours, Upper division) in Chemical Engineering, University of Surrey • Doctor of Philosophy, University of London • Corporate Member in the class of fellows, The Institution of Chemical Engineers	• Bachelor of Accountancy from the National University of Singapore • Master of Business Administration (Investment and Finance) from the University of Hull • Chartered Accountant and Non-Practising Member of the Institute of Singapore Chartered Accountants • Member of the Singapore Institute of Directors
Working experience and occupation(s) during the past 10 years	2012 – Present • Provides advisory services to Seacare Foundation Pte Ltd 2001 – 2011 • Chief Executive Officer of Sino-Sing Center Pte. Ltd.	2012 – Present • Executive Director of AsiaPhos Limited 1981 – 2012 • Executive Director of Hwa Hong Corporation Limited	September 2020 – Present • Executive Director and Chief Financial Officer of Vibrant Group Limited April 2019 – August 2020 • Chief Financial Officer of Vibrant Group Limited March 2015 – December 2017 • Chief Financial Officer of OKH Global Ltd October 2014 – March 2015 • Advisor to CEO of OKH Global Ltd 2005 – 2011 • Executive Director, Finance Director and Chief Financial Officer of Man Wah Holdings Ltd
Shareholding interest in the listed issuer and its subsidiaries	Please refer to the "Directors' Statement" section on page 45 of the Annual Report		
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Dr Ong is uncle of Mr Simon Ong, a Non-Independent Non-Executive Director of the Company, and Ms Ong Bee Kuan Melissa, a substantial shareholder of the Company.	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil

	GOH YEOW TIN	DR ONG HIAN ENG	FRANCIS LEE FOOK WAH
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments* Including Directorships# *"Principal Commitments" has the same meaning as defined in the Code – "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments* *# These fields are not applicable for announcements of appointments pursuant to Rule 704(8)*	**Past (for the last 5 years)** Directorship • Neurons Development Private Limited (struck off) • SGP Global Private Limited • Sheng Siong Group Ltd Other Principal Commitment Nil **Present** Directorship • KTMG Limited • Vicom Ltd • Seacare Manpower Services Pte Ltd • Seacare Foundation Pte Ltd • Seacare Medical Holdings Pte Ltd • EDU Community Pte Ltd (gazetted to be struck off) • Kiran Electronic B & C Services Pte Ltd • Taka Jewellery Holdings Limited (formerly known as TLV Holdings Limited) Other Principal Commitments Nil	**Past (for the last 5 years)** Directorship • FICA Holdings Pte Ltd • AsiaPhos Resources Pte Ltd Other Principal Commitment • Managing Director of FICA Holdings Pte Ltd **Present** Directorship • Hwa Hong Corporation Limited • Singapore Warehouse Company (Private) Ltd • Ong Chay Tong & Sons (Private) Limited • FICA (Pte) Ltd • Paco Industries Pte Ltd • Singamet Trading Pte Ltd • Global Trade Investment Management Pte Ltd • Norwest Chemicals Pte Ltd • 253 JB Pte Ltd Other Principal Commitment • Member of Singapore-Sichuan Trade and Investment Committee • Honorary Council Member of Singapore Chinese Chamber of Commerce & Industry	**Past (for the last 5 years)** Directorships • Blackgold Megatrade Pte Ltd (struck off) • Freight Links Co., Ltd • Metech International Limited • Sheng Siong Group Ltd • Fervent III Developments Pte Ltd • Tengda Industrial Property (Suzhou) Co., Ltd • Fervent Industrial Development (Ningbo) Co., Ltd Other Principal Commitments • Chief Financial Officer of OKH Global Ltd **Present** Directorships • Singapore Enterprises Private Limited • Freight Links Express Logisticpark Pte Ltd • Freight Links Express Pte Ltd • Crystal Freight Services Pte Ltd • Freight Links Logistics Pte Ltd • Vibrant Group Limited • Freight Links Express Logisticentre Pte Ltd • Hub & Port Services Pte Ltd • Freight Links E-Logistics Technopark Pte Ltd • Crystal Freight Services Distripark Pte Ltd • Freight Links Properties Pte Ltd • LTH Logistics (Singapore) Pte Ltd • Net Pacific Financial Holdings Limited • Ececil Pte Ltd • Sentosa Capital (Pte) Ltd • Figtree Holdings Limited • Celestine Management Private Limited • Vibrant Properties Pte Ltd • Glory Capital Pte Ltd • Shentoncil Pte Ltd

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	GOH YEOW TIN	DR ONG HIAN ENG	FRANCIS LEE FOOK WAH
			• Vibrant DB2 Pte Ltd • Vibrant Megatrade Pte Ltd • Vibrant Pucheng Pte Ltd • Vibrant Pucheng Investment Pte Ltd • Vibrant Land Pte Ltd • Fervent IV Development Pte Ltd • Fervent V Development Pte Ltd • Joyas International Holdings Ltd • Wise Alliance Investments Ltd • Sinolink Financial Leasing Co., Ltd • Sinolink Finance International Limited • Fervent Industrial Development (Suzhou) Co., Ltd • Fervent Logistics Infrastructure (Changzhou) Co., Ltd • Saujana Tiasa Sdn Bhd • Vibrant Pucheng Logistics (Chongqing) Co., Ltd • Vibrant Pucheng Property Management (Chongqing) Co., Ltd • Vibrant Pucheng Enterprise Management (Chongqing) Co., Ltd • Vibrant International Freight Forwarding (Chongqing) Co., Ltd • Freight Links Express International Co., Ltd • Freight Links M&S (H.K.) Ltd • Lee Thong Hung Trading & Transport Sdn Bhd • Vibrant Suzhou Energy Technology Co. Ltd Other Principal Commitment • Chief Financial Officer and Executive Director of Vibrant Group Limited

	GOH YEOW TIN	DR ONG HIAN ENG	FRANCIS LEE FOOK WAH
Information required			
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	GOH YEOW TIN	DR ONG HIAN ENG	FRANCIS LEE FOOK WAH
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

	GOH YEOW TIN	DR ONG HIAN ENG	FRANCIS LEE FOOK WAH
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	Yes Mr Goh was an independent director of Singapore Post Limited ("SingPost") from 7 July 2014. He was subsequently re-designated as Executive Director for the period from 1 January 2016 up to 24 June 2016. Mr Goh confirms that he was not the subject of any investigations conducted by PricewaterhouseCoopers LLP and Drew & Napier LLC (collectively, the "Joint Special Auditors") appointed by SingPost on or around 23 December 2015, on the request of one of SingPost's directors, to investigate the issues raised in the media reports in relation to certain acquisitions, including the purchase of the entire issued and paid-up capital of F.S. Mackenzie Limited announced on 18 July 2014. Mr Goh ceased to be a director of SingPost on 24 June 2016 and at that point in time, Mr Goh was not made aware of any investigations that were actually being carried out by any relevant authority in relation to the affairs of SingPost for a breach of any law or regulatory requirement. Mr Goh was not called up by any authority for any interview or to respond to any queries	No	Yes He was the manager of a corporation investigated by the CAD for a breach of regulatory requirements/laws governing corporations in Singapore. To the best of his knowledge and as far as he is aware, the investigations involved or were related to certain directors of the corporation and not himself.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	GOH YEOW TIN	DR ONG HIAN ENG	FRANCIS LEE FOOK WAH
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

SENIOR **MANAGEMENT**

WANG XUEBO
General Manager of Mianzhu Norwest

Mr Wang Xuebo joined the Group in 1996, and was appointed as Director and General Manager of Mianzhu Norwest in 2002 and 2004, respectively. He is responsible for and oversees the overall operations of our Group in the PRC.

Mr Wang held various appointments at Bai Ying Nonferrous Metals Corporation between 1972 and 1976. Between 1979 and 1986, he was a translator for the Northwestern Institute of Mining and Metallurgy. Between 1986 and 1996, he served in various appointments at China Nonferrous Foreign Engineering and Construction Corporation including deputy general manager (Egypt market), general representative (Philippines market) and general manager (international market). Between 1996 and 2008, he also served as the general manager (PRC market) of Hwa Hong Edible Oil Industries Pte. Ltd. ("HHEO") and held various positions in Jining Ningfeng Chemical Industry Co. Ltd. including that of director and general manager.

Mr Wang holds an Executive Master in Business Administration from Southwestern University of Finance and Economics.

Please refer to the Company's announcement on 17 May 2021 on Mr Wang's unexplained absence from 26 October 2020 to 15 May 2021 i.e he was summoned to Kaifeng, Henan Province and detained to assist the Central Commission for Discipline Inspection of the Chinese Communist Party (the "Authorities") in their investigation of alleged breaches of Party Discipline by a certain Government Official in Henan. He has confirmed that the subject matter of the investigation is not connected to the affairs of the Asiaphos Group. He has also confirmed he was not involved in any of the alleged breaches and accordingly was not able to provide any information to the Authorities. He has been placed on administrative leave pending the Nominating Committee's review of the circumstances relating to him.

JAIME CHIEW CHI LOONG
Chief Risk Officer/Head of Investor Relations

Mr Jaime Chiew joined the Group in 2014 as Chief Risk Officer and is primarily responsible for overseeing the Group's risk management activities, forecasting/budgeting and monitoring of key management processes.

Mr Chiew started his career at Ernst & Young London in 1998 as an audit associate in Insurance/Financial Services, where he qualified as a Chartered Accountant and was promoted to manager within Ernst & Young London's audit/regulatory advisory practice, a position he held until 2006. Between 2006 and 2014, he held various roles in Citibank Asia Pacific, primarily in financial control, planning and analysis.

Mr Chiew holds an Accounting and Finance degree (Honours) from University of Southampton, UK.

He is a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW).

CHIA CHIN HAU
Group Financial Controller

Mr Chia Chin Hau joined the Group as Financial Controller in 2008 and was appointed as Manager (Special Projects) in 2012. He assists in the implementation of risk management and internal controls of the operations in the PRC.

Mr Chia Chin Hau was appointed Group Financial Controller with effect from 15 June 2020.

Mr Chia started his career as an audit assistant at Paul Chuah & Co in 1994. Between 1995 and 2000, he served as audit senior with Tay & Associates and Hals & Associates. In 2000, he joined Pembinaan Angkasan Holding Sdn Bhd as accountant. In 2002, he joined HHEO as a special project accountant and was seconded to the PRC subsidiaries of HHEO in the same year, including serving as Financial Controller to Mianzhu Norwest for the period from 2004 to 2008.

Mr Chia holds a Master of Economics from the Universiti Putra Malaysia.

CORPORATE SOCIAL RESPONSIBILITY

Following the cessation of mining in 2017 and production of P4 in 2018, the Group is focused primarily on trading of chemicals. As a resource-based company, we are always aware of our responsibility towards the environment, our employees and the local community. We strive to make good use of and conserve resources, protect our environment, improve the welfare of our employees, and facilitate social and economic development of the neighbouring areas. While we expand our business operations, we continuously strive to ensure that the requirements of a responsible corporate citizen are embedded within our daily operations. Details of the previous mining operations are available from company/ independent geologists' technical reports published on SGXNET.

ENVIRONMENTAL AND SAFETY

The Group is committed to protecting the natural environment of the vicinity where we conduct our operations.

In planning our operations, we are always conscious of the safety requirements and have always challenged ourselves to surpass the requirements and continuously strived to improve the existing operating environment. Currently, the company's operations are focused on sales and trading of phosphate products.

Our infrastructure has been constructed to comply with the relevant PRC environmental laws and regulations. Our environmental management strategies and objectives also include effective air and water recycling measures as well as proper handling and disposal of waste.

We also conduct regular monitoring exercises to ensure that we comply with the environmental regulations in relation to our operations. We intend to continue to take progressive steps to further improve our PRC operations and facilities beyond the requirements of applicable PRC environmental laws, rules and regulations.

Since we started our business operations, we have been cultivating a "Safety is Priority" culture, which focused on building essential safety and eco-friendly processes, resulting in continued improvement and general awareness of safety and environmental protection amongst our employees.

We implemented safety management system which includes safety management plans, rules, codes of practice, manuals and procedures with which our employees are required to comply. We take active steps to ensure that our employees understand and familiarise themselves with our safety rules. Briefings on safety awareness and procedures are conducted regularly and training on basic safety skills and procedures are conducted for our employees. We ensure that our employees and any contract workers possess safety permits obtained after attending training organised by the relevant local safety and inspection authorities before they undertake any work at our premises. All our employees have a mandate to target zero injuries and fatalities.

Our team reviews, implements and promotes applicable legal and internal safety regulations, including (i) conducting periodic safety audits and ensuring safety requirements are met; (ii) conducting in-house or outsourced safety training for all our employees as well as outsourced workers; (iii) conducting investigations and handling all incident reports and implementing pre-emptive measures to prevent repeat occurrence of such incidents; (iv) liaising with all external safety authorities and implementing new safety regulations and initiatives; and (v) reviewing and improving our safety management systems in accordance with the applicable regulations.

We invested substantial amount of the capital expenditure of our chemical plant in environmental and safety features, ensuring that we have control over monitoring every aspect of the production process. In the event of an accident or natural disaster, we are able to activate emergency response measures and limit the potential damage.

We are subject to regular and ad hoc inspections by the local safety authorities to ensure that the requisite safety requirements are met before we are allowed to continue with our operations.

We recognise that environmental monitoring is an ongoing obligation. We will continue to improve our safety and environmental protection efforts. We will continue to invest in safety features for our operations.

EMPLOYEES

The Group strives to further improve on human resource recruitment, training, appraisal and remuneration management.

The Group has standardised its form of employment, so as to ensure that the basic rights and interests of employees are protected, and to maintain good labour relations. We purchased all necessary insurance for the employees in accordance with the relevant labour laws. We ensure that our employees and our outsourced workers pass the relevant health checks, possess social and commercial insurance before they undertake any work at our premises.

The Group is committed to staff upgrading. The Group sends employees to attend training, courses and seminars relevant to their scope of work, including orientation training for new employees, training for middle and senior management, professional training on geological exploration and safety training.

SOCIAL

We strive to make a positive impact on the lives of people who live in the areas where we have a presence. We, as far as possible, employ local workers and provide these workers with relevant training and skills development.

The Group is committed to be in strict compliance with the laws, responding positively to government policies, paying taxes in due course, and helping to improve local employment, thus making significant contribution to the local fiscal revenue.

We seek to support and promote local businesses and economic activities by engaging them as suppliers. We currently procure our raw materials from local suppliers within the vicinity of our operations.

REPORT ON **CORPORATE GOVERNANCE**

The board ("**Board**") of directors (the "**Directors**") and the management (the "**Management**") of AsiaPhos Limited (the "**Company**") are committed to achieving and maintaining high standards of corporate governance within the Company and its subsidiaries (the "**Group**"), so as to ensure greater transparency, accountability, and maximisation of long-term shareholder value.

For the financial year ended 31 December 2021 ("**FY2021**"), the Board and the Management are pleased to confirm that the Company has, in all material aspects, adhered to the principles and guidelines of the Code of Corporate Governance 2018 (the "**Code**") and Rule 710 of Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") issued by the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

This report outlines the Company's corporate governance processes and structure, with specific reference to the principles and provisions of the Code. Unless otherwise stated, the corporate governance processes were in place during the financial year.

(A) BOARD MATTERS

Principle 1: The Board's Conduct of Affairs
The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

All Directors recognise that they have to discharge their duties and responsibilities in the best interests of the Company and hold management accountable for performance. Each of them is expected to act in good faith, be honest and diligent in exercising his independent judgement in overseeing the business and affairs of the Company. In any situation that involves a conflict of interest with the Group, the Director who face conflicts of interest would recuse himself from discussions and decisions involving the issues of conflict.

While the duties imposed by law are the same for all directors, a listed Board will generally have different classes of directors (Executive, Non-Executive and Independent Directors) with different roles. All Directors are to act in the best interests of the Company as a whole and not of any particular group of shareholders or stakeholders.

Executive Directors are usually members of senior management, and involved in the day-to-day running of the business. Executive Directors are expected to:

– provide insights on the company's day-to-day operations, as appropriate;

– provide Management's views without undermining management accountability to the Board; and

– collaborate closely with Non-Executive Directors for the long term success of the Company.

Non-Executive Directors are not part of Management. They are not employees of the Company and do not participate in the Company's day-to-day management. Non-Executive Directors are expected to:

– be familiar with the business and stay informed of the activities of the Company;

– constructively challenge Management and help develop proposals on strategy;

– review the performance of Management in meeting agreed goals and objectives; and

– participate in decisions on the appointment, assessment and remuneration of the Executive Directors and key management personnel generally.

REPORT ON **CORPORATE GOVERNANCE**

Independent Directors are Non-Executive Directors who are deemed independent by the Board. Independent Directors have the duties of the Non-Executive Directors, and additionally provide an independent and objective check on Management.

The Board oversees the corporate policy and overall strategy for the Group. The principal role and responsibilities of the Board include:

– Setting the appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability and ethical culture with the Group;

– Providing entrepreneurial leadership, overseeing the overall strategic plans including considering sustainability, environmental and ethical issues as part of its strategic formulation, strategic human resources framework, and financial objectives of the Group;

– Ensure that sufficient resources are in place to meet the Group's objectives;

– Reviewing the operational and financial performance of the Group, including reviewing the performance of the Management;

– Approving quarterly financial results announcements, circulars and audited financial statements and annual report of the Company;

– Overseeing and safeguarding the shareholders' interest and Group's assets through a robust system of effective internal controls, risk management, financial reporting and compliance;

– Overseeing and enhancing corporate governance and practices within the Group;

– Dealing with matters such as conflict of interest issues relating to Directors and substantial shareholders of the Company, the Group's annual budget, interested person transactions, major acquisitions and disposals of material assets, dividend and other distributions to shareholders, and those transactions or matters which require the Board's approval under the provisions of the Catalist Rules, from time to time, or any applicable regulations;

– Approving changes in the composition of the Board;

– Identifying key stakeholder groups, ensure transparency and accountability to the stakeholders, and recognising that their perceptions affect the Company's reputation;

– Appointing the senior management, approving the policies and guidelines for the Board and senior management executives' remuneration, in addition to approving the appointment of new Directors;

– Appointment and removal of Company Secretary;

– Assume responsibility for corporate governance.

REPORT ON **CORPORATE GOVERNANCE**

The Board has delegated specific responsibilities to three (3) Board committees, namely, the Audit Committee (the "**AC**"), the Nominating Committee (the "**NC**") and the Remuneration Committee (the "**RC**"), (collectively, the "**Committees**") to support its role and responsibilities. The Committees operate within its own clearly defined terms of references (the "**Charter**") which have been approved by the Board and operating procedures which are reviewed on a regular basis and improved as and when required to meet the changes in laws and other guidelines. All the Committees are chaired by Independent Directors and comprises majority of independent directors. The Committees examine specific issues and report to the Board with their decisions and/or recommendations. While the day-to-day management functions are performed by the Management, the Board is the highest authority of approval and ultimate responsibility for the final decision on all matters lies with the entire Board. The Board is supported by the Company Secretary whole role is clearly defined. The Company Secretary's responsibilities include advising the Board on corporate and administrative matters, as well as facilitating orientation and assisting with professional development as required.

The Board may make decisions by way of resolutions in writing. While there is no specific written policy on matters reserved for the Board as this may limit the type of matters or transactions, certain transactions including new material investments, share issues, all commitments to banks and declaration of dividends are subject to the approval of the Board. Release of financial results and other announcements are also approved by the Board. Other significant matters or transactions for Board's approval are notified by the Management to the Board as and when they occur.

Directors have been able to devote sufficient time to the Group's matters. In order to ensure that each Director is able to commit sufficient time and attention to the matters of the Group, the Board conducts scheduled meetings on a quarterly basis which are scheduled at the beginning of each calendar year. Additional meetings are convened as and when circumstances warrant. The Management provides the Directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities. The Constitution of the Company allows Board meetings to be conducted via any form of audio or audio-visual communication. The Board is updated on changing commercial risks and key changes in the relevant legal and regulatory requirements, as well as accounting standards.

The Board will receive updates on business and strategic developments of the Group, industry developments and matters related to the Group, at least quarterly. Throughout the financial year, the Directors have separate and independent access to Management, the Company Secretary and external advisers (where necessary) at the Company's expense. The Company adopts a policy which welcomes the Directors to request for further explanations, briefings or informal discussions on any aspect of the Group's operations or business from the Management. The Directors are free to discuss any information or views presented by any member of the Board and the Management. Additional information, where needed, are provided in a timely manner.

Where necessary or appropriate, members of the Board exchange views outside the formal environment of Board meetings. All Directors exercise due diligence and independent judgment and are obliged to act in good faith and at all times consider the best interests of the Company as fiduciaries of the Company.

REPORT ON **CORPORATE GOVERNANCE**

The attendance of the Directors at the meetings of the Board and the Committees and the Annual General Meeting during FY2021 is disclosed below:

Name of Director	Number of meetings attended in FY2021				
	Board	AC	NC	RC	Annual General Meeting
Goh Yeow Tin	4	4	1	1	1
Dr. Ong Hian Eng[2] ("**Dr. Ong**")	4	4[1]	1	1[1]	1
Francis Lee Fook Wah ("**Francis Lee**")	4	4	1	1	1
Ong Eng Hock Simon[3] ("**Simon Ong**")	4	4	1[1]	1	1
Number of meetings held in FY2021	4	4	1	1	1

Note:

(1) Attended as invitee.

(2) Dr. Ong Hian Eng is the uncle of our Non-Executive Non-Independent Director, Mr Simon Ong and a substantial shareholder of the Company, Ms Ong Bee Kuan Melissa.

(3) Mr Simon Ong is the nephew of Dr Ong, the brother of a substantial shareholder of the Company, Ms Ong Bee Kuan Melissa.

Newly appointed Directors will be given briefings and orientation by the Executive Director and the Management to familiarise themselves with the businesses and operations of the Group. The newly appointed Directors will also conduct a site visit to the Group's production facilities. The newly appointed Directors will be given relevant information, such as annual reports, latest internal audit reports, internal risk assessment reports and latest external auditor report, so that they understand the Group's financial and control environment as well as the significant risks faced by the Group. A formal letter will be sent to newly appointed Directors upon their appointment explaining, among other things, their roles, duties and responsibilities as members of the Board. There was no new Director appointment during the financial year.

Under Catalist Rule 406(3)(a), where the Company appoints a director with no prior experience as a director of a Singapore-listed company, the new appointee would be required to attend the Listed Company Director Programme conducted by the Singapore Institute of Directors. Directors may join institutes and group associations of specific interests, and attend relevant training seminars or informative talks from time to time so that they are in a better position to discharge their duties. The Company encourages the Directors to attend courses in areas of directors' duties and responsibilities, corporate governance, changes in new rules and regulations and industry-related matters, at the Company's expense. During FY2021, the Board was provided with information on accounting and regulatory updates, including the Singapore Financial Reporting Standards (International), Catalist Rules, Companies Act as well as other updates issued by the SGX-ST and the Monetary Authority of Singapore, where applicable.

REPORT ON CORPORATE GOVERNANCE

Principle 2: Board Composition and Guidance
The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the company.

As at the date of this report, the Board comprises four (4) Directors, details of whom are set out below. The Board is not required to be made up of a majority of Independent Directors as the Chairman, Mr Goh Yeow Tin, is an Independent Non-Executive Director. Together with Mr Simon Ong, a Non-Independent Non-Executive Director, the Non-Executive Directors make up a majority of the Board.

Director	Age	Designation	Date of Appointment as Director	Date of Last Re-Election as Director	AC	NC	RC
Goh Yeow Tin(1)	71	Chairman, Non-Executive and Independent	22 August 2013	8 May 2020	Member	Chairman	Chairman
Dr. Ong(2)(3)	75	Executive, Chief Executive Officer ("**CEO**")	3 January 2012	8 May 2020	–	Member	–
Simon Ong(3)	57	Non-Executive and Non-Independent	1 October 2012	27 April 2021	Member	–	Member
Francis Lee	56	Non-Executive and Independent	22 August 2013	27 April 2021	Chairman	Member	Member

Notes:

(1) Mr Goh Yeow Tin will retire pursuant to Article 88 of the Constitution of the Company and is subject to re-election as a Director at the forthcoming Annual General Meeting ("**AGM**") of the Company to be held on 27 April 2022.

(2) Dr. Ong will retire pursuant to Article 88 of the Constitution of the Company and is subject to re-election as a Director at the forthcoming AGM of the Company to be held on 27 April 2022.

(3) Our CEO and Executive Director, Dr. Ong is the uncle of our Non-Executive Non-Independent Director, Mr Simon Ong and a substantial shareholder of the Company, Ms Ong Bee Kuan Melissa.

The Board, based on the views of the NC, determines on an annual basis whether or not a Director is independent, after taking into account the provisions provided under the Code and other relevant circumstances and facts. The NC has assessed the independence of each Independent Director and considered that Mr Goh Yeow Tin and Mr Francis Lee to be independent under the Code as well as the Catalist Rules. Each member of the NC has abstained from deliberations in respect of the assessment of his own independence.

Mr Goh Yeow Tin and Mr Francis Lee were both first appointed on 22 August 2013 and would have served on the Board for more than nine years after 22 August 2022. The NC has determined that they be considered independent notwithstanding that they have served on the Board beyond nine years as both Mr Goh and Mr Lee have continued to demonstrate independence in conduct, character and judgement in the discharge of their responsibilities as Directors of the Company and there are no relationships or circumstances that could or are likely to affect their judgement and ability to discharge their responsibilities as independent Directors. The NC also noted that both Mr Goh and Mr Lee had been forthcoming in expressing their individual viewpoints and active in providing constructive input, and objective in their scrutiny and debating issues. The Board having rigorously reviewed the NC's recommendation deems both Mr Goh and Mr Lee as independent and agrees with the NC that their years of service had not compromised their judgement

REPORT ON **CORPORATE GOVERNANCE**

and ability to discharge their responsibilities as independent Directors. Pursuant to Catalist Rule 406(3)(d)(iii), to ensure that the independence designations of both Mr Goh and Mr Lee are not affected, the Company will seek shareholders' approvals for Mr Goh's and Mr Lee's continued appointments as independent Directors at the forthcoming AGM.

Additional information on Mr Goh Yeow Tin and Mr Francis Lee required under Appendix 7F of the Catalist Rules are set out on pages 9 to 16 of this Annual Report.

The Board has also sought and obtained written confirmation from each of the Independent Directors that, apart from their office as Directors, none of them has any relationship (business or otherwise) with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement in the best interests of the Company.

The Board has reviewed the size and composition of the Board and is of the opinion that its current size and composition are appropriate for effective decision-making, after taking into account factors such as the scope and nature of the operations of the Group and the core competencies of Board members who are in the fields of engineering, business and management, accounting and finance. Each Director has been appointed on the strength of his skills, knowledge and experience and is expected to contribute to the development of the Group's strategy and the performance of its business. The Board ensures that the process of decision-making by the Board is independent and is based on collective decision without any concentration of power. The Board believes that a well-balanced Board with appropriate diversity will contribute positively in overseeing the operations of the Group and will continue to move towards implementing a board diversity policy.

All Directors have equal responsibilities for the Group's operations. The role of the Non-Executive Directors is important in ensuring that all strategies and objectives proposed by the Management are fully discussed and examined, and take into account not only the long-term interests of the shareholders, but also all other stakeholders. The Non-Executive Directors constructively challenge and assist in the development of the business strategies and assist the Board in reviewing and monitoring the Management's performance.

Where necessary or appropriate, the Independent Directors may meet separately without the presence of the Management. Two of the Directors would recuse himself during such meetings given their familial relationship with the Management.

Principle 3: Chairman and Chief Executive Officer
There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

To maintain an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making, the roles of the Chairman and CEO of the Company are separate. The Chairman of the Board, Mr Goh Yeow Tin, is an Independent Non-Executive Director and Dr. Ong is the CEO. The Chairman and the CEO are not related.

The Chairman

– provides overall leadership to the Board, and with the help of the Company Secretary, ensures that Board meetings are held as and when necessary and sets the meeting agenda in consultation with the CEO and fellow Directors and other executives, and if warranted, with professional advisors, and ensures adequate time allocated to discuss the items;

REPORT ON **CORPORATE GOVERNANCE**

– assumes the lead role in promoting high standards of corporate governance processes as well as the culture of openness and debate at Board meetings and ensures effective communication with shareholders. He ensures that the directors receive complete, adequate and timely information and facilitate the effective contribution from other Board members;

– encourages constructive relations within the Board and between the Board and the Management, and facilitates communication between the Board and shareholders or other stakeholders of the company; and

– provides clear oversight, advice and guidance to the Management on strategies and business operations.

The CEO has the executive responsibility over the business directions and operational decisions of the Group and is responsible for implementing the Group's strategies and policies.

The Board does not have a lead Independent Director. In situations where a director faces a potential conflict of interest in the matter discussed, he is required to abstain from all discussions and decision making involving that matter. In situations where there are concerns and for which contact through the normal channels of communication with the Chairman or the Management are inappropriate or inadequate, the Group has a whistleblowing policy whereby staff of the Group and relevant external parties may, in confidence, raise concerns about possible irregularities in matters of financial reporting or other matters. The policy defines the processes clearly to ensure independent investigation of such matters and permits whistleblowers to report directly either to their supervisor or the chairman of the AC in writing or telephone or meet in confidence at a location to be determined together. The chairman of the AC is a Non-Executive Independent Director.

Consequently, the Company believes that it has implemented a whistleblowing policy aligned to the relevant SGX rules and Code of Corporate Governance, namely:

(a) the issuer has designated an independent function to investigate whistleblowing reports made in good faith (i.e. the Audit Committee);

(b) the issuer ensures that the identity of the whistleblower is kept confidential;

(c) the issuer confirms its commitment to ensure protection of the whistleblower against detrimental or unfair treatment; and

(d) the Audit Committee is responsible for oversight and monitoring of whistleblowing.

Principle 4: Board Membership
The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The NC comprises three (3) Directors, of which two (2), including the NC Chairman, are non-executive and independent. The composition of the NC is as follows:

– Mr Goh Yeow Tin (Chairman, Independent Non-Executive Director)

– Mr Francis Lee (Member, Independent Non-Executive Director)

– Dr. Ong (Member, CEO and Executive Director)

REPORT ON **CORPORATE GOVERNANCE**

The NC meets at least once a year. Additional meetings are scheduled if considered necessary by the chairman of the NC. During the financial year, the NC held one (1) scheduled meeting, which all members attended.

The NC makes recommendations to the Board on all Board appointments. The key duties and responsibilities of the NC under its Charter include:

– Reviewing board succession plans for Directors and key management personnel meaning the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company as defined in the Code ("**KMP**"), in particular, the Non-Executive Chairman and the CEO;

– Developing a process for evaluation of the performance of the Board, Committees and Directors;

– Reviewing the training and professional development programs for the Board;

– Reviewing and sighting of all resignation and authorisation letters of the Legal Representatives of Sichuan Mianzhu Norwest Phosphate Chemical Company Limited ("**Mianzhu Norwest**") and the Group's other subsidiaries in the Peoples' Republic of China (the "**PRC**") which have been signed and held in custody by the Company Secretary;

– Appointing and re-appointing Directors (including alternate Directors, if applicable);

– Determining annually, and as and when circumstances require, whether or not a Director is independent, bearing in mind the salient factors set out in the Code and the Catalist Rules;

– Where a Director has multiple board representations on various companies, determining if the Director is able to and has been adequately carrying out his duties as a director of the Company, having regard to the Director's number of listed company board representations and other principal commitments;

– Reviewing and approving any new employment of related persons and the proposed terms of their employment;

– Deciding how the Board's performance is to be evaluated and proposing objective performance criteria, which allow for comparison with industry peers, and should be approved by the Board and address how the Board has enhanced long-term shareholder value;

– Assessing the effectiveness of the Board as a whole and its committees and assessing the contribution by the Chairman of the Board and each individual Director to the effectiveness of the Board and implementing performance evaluation established and approved by the Board;

– Implementing a process for assessing the effectiveness of the Board as a whole and its Committees and assessing the contribution by the Chairman of the Board and each individual Director to the effectiveness of the Board;

– Assessing whether each Director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for board and committee meetings, and any other duties);

– Reviewing and making recommendations on all nominations of Directors (including the Independent Directors) for re-appointment and re-election having regard to the Director's past contributions and performance;

– Establishing the criteria and desirable attributes of new appointees to the Board and to make recommendations to the Board on all Board appointments including Committee appointments; and

– Engaging external search consultants to search for new Directors, if necessary.

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The NC generally avoids recommending the appointment of alternate directors. Alternate directors should only be appointed for limited periods in exceptional cases such as when a director has a medical emergency. For appointment of an individual as alternate Director to an Independent Director, NC would review and conclude that the individual would similarly qualify as an Independent Director, before his appointment as an alternate Director. None of the Directors has an alternate Director. As a Director is expected to be able to commit time to the affairs of the Company, the NC will generally not support the appointment of an alternate Director.

The retiring Directors submit themselves for re-nomination and re-election. Accordingly, Mr Goh Yeow Tin and Dr. Ong are the two (2) Directors retiring via rotation at the forthcoming AGM. Both Directors are eligible and had consented for re-election. The NC, having considered their performance and contribution, has recommended these two (2) retiring Directors for re-election at the forthcoming AGM. Subject to being duly re-elected at the forthcoming AGM, Mr Goh Yeow Tin will remain as an Independent Non-Executive Director, Chairman of the Board, Chairman of the NC and RC and a Member of AC, and Dr Ong will remain as an Executive Director, the CEO of the Company and a member of NC.

There is no formal policy with regard to diversity in identifying director nominees. In assessing and recommending a candidate for appointment to the Board, the NC takes into consideration the balance and diversity of background, qualifications, experience, gender and knowledge that the candidate brings, having regard to the skills required and the skills represented by the Board. Other important issues to be considered as part of the process for the selection, appointment and re-appointment of Directors include composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour), if applicable, as an Independent Director. The search for a suitable candidate could be drawn from contacts and network of existing Directors or external recommendations. The NC may also engage external search consultants to search for new Directors at the Company's expense.

The NC has assessed the independence of each Independent Director and considered that Mr Goh Yeow Tin and Mr Francis Lee to be independent under the Code as well as the Catalist Rules. Each member of the NC has abstained from deliberations in respect of the assessment of his own independence. Each Independent Director has also provided written confirmation to the NC that he has no relationship (business or otherwise) with the Company, its related corporations, its substantial shareholders or its officers which may affect their independence.

The NC considered, and is of the opinion, that the multiple board representations held by Directors of the Company do not impede their performance in carrying out their duties to the Company. For FY2021, after reviewed the number of directorships and time involved in the Company of every Director, the Board did not set any cap on the number of directorships given that all Non-Executive or Independent Directors were able to dedicate their time to the business of the Company and diligently discharge their duties. The NC believes that each individual Director is best placed to determine and ensure that he is able to devote sufficient time and attention to discharge his duties and responsibilities as a Director, bearing in mind his other commitments. Nevertheless, if the Board finds that time commitment is lacking from any particular Director, they may consider imposing a cap in future.

The key information, including listed company directorships and principal commitments, regarding the Directors are set out on pages 7 to 16 of this Annual Report.

Additional information of Mr Goh Yeow Tin and Dr. Ong, being the Directors who have been nominated for re-election, required under Appendix 7F of the Catalist Rules are set out on pages 9 to 16 of this Annual Report.

REPORT ON **CORPORATE GOVERNANCE**

Principle 5: Board Performance
The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NC is responsible for assessing the effectiveness of the Board as a whole and its Committees and for assessing the contribution of each individual Director. The NC decides how the Board's performance may be evaluated and proposes objective performance criteria that are approved by the Board.

The criteria for evaluation of the performance of individual Directors include qualitative and quantitative factors such as performance of principal functions and fiduciary duties, Director's attendance at meetings and his contribution and performance at such meetings. The performance evaluation includes preparedness, intensity of participation and candour at meetings and the Director's accessibility to Management for guidance or exchange of views outside the formal environment of the meetings. The NC and the Board strive to ensure that each Director, with his contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made. Contributions by a Director can also take other forms, including providing objective perspective on issues, facilitating business opportunities and strategic relationships.

The NC has in place an annual performance evaluation process for assessing the effectiveness of the Board as a whole and its Committees. The Company Secretary will collate the evaluations and provide the summary observations to the Chairman of the NC. The NC would discuss and review the evaluations and feedback, before concluding on the performance results and recommends the steps which need to be taken to strengthen the Board's stewardship. The performance criteria are not subject to changes from year to year. Nonetheless, where circumstances deem it necessary for any criteria to be changed, the NC will justify such changes.

The NC had, at a meeting held in February 2022, assessed the performance of the Board, each Director and its Committees. The Board and its Committee assessments utilise a confidential questionnaire, covering areas such as Board's and Committees' composition, Board's processes in managing the Group's performance and the effectiveness of the Board in its monitoring role and the effectiveness of the respective Committees. The assessment of the individual Directors is based on knowledge and experience, attendance and contributions during scheduled and ad-hoc Board and Committee meetings, as well as commitment to their role as Directors. In assessing the contributions of each Director (and contribution by the Chairman and the sub-committees as well), the NC also takes into consideration the in-depth knowledge and insights shared by each Director during discussions and meetings, in their respective areas of expertise in the fields of engineering, business and management, accounting and finance.

The NC, in consultation with the Chairman, having reviewed the performance of the Board and its Committees in terms of its roles, responsibilities and the conduct of its affairs as a whole, is of the view that the Board and its Committees have operated effectively and each Director has contributed to the overall effectiveness of the Board in FY2021. No external facilitator was used in the evaluation process.

(B) REMUNERATION MATTERS

Principle 6: Procedures for developing remuneration policies
The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his own remuneration.

Remuneration matters are discussed and reviewed by the RC. The RC comprises entirely of Non-Executive Directors, of which two (2), including the RC Chairman, are independent. The composition of the RC is as follows:

– Mr Goh Yeow Tin (Chairman, Non-Executive and Independent Director)

REPORT ON CORPORATE GOVERNANCE

- Mr Francis Lee (Member, Non-Executive and Independent Director)
- Mr Simon Ong (Member, Non-Executive and Non-Independent Director)

During FY2021, there was one (1) RC meeting held which all members attended.

The roles, duties and responsibilities of the RC cover the functions described in the Code including but not limited to, the following:

- Reviewing and recommending to the Board a general framework of remuneration for the Board and KMP of the Company and reviewing and recommending to the Board specific remuneration packages for each Director and KMP. The level and structure of remuneration packages shall be aligned with the long-term interest and risk policies of the Company, and shall be appropriate to attract, retain and motivate (i) the Directors to provide good stewardship of the Company; and (ii) the KMP to successfully manage the Company;

- Submitting recommendations of remuneration for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives, awards, benefits-in-kind and termination benefits, are covered by the RC;

- Seeking expert advice inside and/or outside the Company on remuneration of all Directors, and ensuring that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants;

- Determining the contents of any service contracts for any Executive Director or KMP, and to consider what compensation commitments the Executive Director's or KMP's contracts of service, if any, would entail in the event of termination to ensure that such service contracts contain fair and reasonable termination clauses, with a view to be fair and avoid rewarding poor performance;

- Administering and approving any long-term incentive schemes (including share schemes as may be implemented) which may be approved by shareholders and to consider whether Executive Director or KMP should be eligible for benefits under such long-term incentive schemes; and

- Considering the implementation of schemes to encourage Non-Executive Directors to hold shares in the Company so as to better align the interests of such Non-Executive Directors with the interests of shareholders.

No member of the RC is involved in setting his own remuneration package. As and when deemed appropriate by the RC, independent expert advice is, or will be, sought at the Company's expense. The Board has not engaged any external remuneration consultant to assist in the review of compensation and remuneration for the FY2021.

All recommendations made by the RC on the remuneration of Directors and KMP will be submitted for endorsement by the Board.

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Principle 7: Level and Mix of Remuneration
The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The Non-Executive Directors receive directors' fees after taking into consideration the performance of the Group and individual assessment of each Non-Executive Director, the level of contribution to the Company and Board, taking into account various factors including, but not limited to, efforts and time spent, responsibilities and duties of the Directors. The review of remuneration packages takes into consideration the financial performance, business needs, long term interests of the Group.

The Group considers profits to be the main condition for the determination of payment of incentives to the Management as this will align performance to shareholders' interest. The Group recognises that the remuneration should be linked to performance and has structured the service agreements accordingly. The Group will continue to reward the Executive Director and KMP based on achievement of long-term goals set by the Board. In view that the Group's operations had been substantially reduced since the second half of the financial year ended 31 December 2018, the Group does not intend to award shares pursuant to the AsiaPhos Performance Share Plan, further details of which are set out on pages 33 to 34 of this Annual Report, in FY2021.

The Directors' fees of the Non-Executive Directors took into account of factors such as efforts, time spent and responsibilities of the Non-Executive Directors. The RC recommends to the Board the quantum of Directors' fees and the Board in turn endorses the recommendation for shareholders' approval at each AGM. To facilitate timely payment of Directors' fees, the Company has recommended for the Directors' fees to be paid, in arrears, on a quarterly basis.

For FY2021, the RC had reviewed the service agreements and compensation packages of the Executive Director and KMP. The service agreements are for an initial period of three (3) years (unless terminated by (i) either party giving not less than six (6) months' notice in writing to the other; or (ii) the Company paying salary in lieu of the period of time) with effect from the date of admission of the Company to Catalist on 7 October 2013. Upon expiry of the initial three (3) years, unless either party notifies the other in writing at least six (6) months prior to the last day of the existing period, the service agreements for the Executive Director and the KMP shall automatically be renewed for a further period of three (3) years on the same terms and conditions.

These service agreements cover the terms of employment and the salaries and bonuses of the Executive Director and the KMP. The Company may terminate a service agreement if, inter alia, the relevant Executive Director or KMP is guilty of dishonesty or serious or persistent misconduct, becomes bankrupt or otherwise acts to the Company's prejudice. The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Director and KMP in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual results of its Executive Director and KMP, "claw-back" provisions in the service agreements may not be relevant or appropriate.

Directors' fees do not form part of the terms of these service agreements of the Executive Director. There are no termination, retirement or post-employment benefits that may be granted to the Executive Director and KMP.

Pursuant to the terms of the service agreement with the Executive Director and the KMP, they are each entitled to a basic monthly salary, an annual wage supplement of one (1) month's salary and an annual incentive bonus based on the Group's profit before tax.

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The said service agreements were automatically renewed for a period of three (3) years upon expiry on the same terms and conditions, save that the basis in computing the Group's profit before tax for determining the annual incentive bonus was clarified in the renewed service agreements to be profits in the ordinary course of business and excluding fair value gains and losses unless they are realised.

In FY2021, the Group incurred total comprehensive losses (from continuing and discontinued operations) of approximately S$77 million, primarily due to the Group's decision to record an impairment loss of $90 million on the mining assets that was presented as asset of disposal group). As such, the Executive Director and the KMP did not receive any incentive bonus and annual wage supplement.

The reviews of the compensation are carried out by the RC to ensure that the remuneration of the Executive Director and KMP commensurate with their performance and that of the Company, giving due consideration to the financial health and business needs of the Group. The performance of the CEO (together with KMP) is reviewed periodically by the RC and the Board.

The RC will ensure that the Independent Directors are not overcompensated to the extent that their independence may be compromised. To encourage Non-Executive Directors to hold shares in the Company so as to better align the interests of such Non-Executive Directors with the interests of shareholders, they are able to participate in the AsiaPhos Performance Share Plan.

During FY2021, the RC reviewed the Non-Executive Directors' fees, compensation and remuneration packages for the Executive Director and KMP and believes that those are appropriate to attract, retain and motivate the Non-Executive Directors and Executive Director to provide good stewardship of the Company and KMP to successfully manage the Group for the long-term. The Directors and the Management are sufficiently compensated.

Principle 8: Disclosure on Remuneration
The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, the performance and value creation.

The breakdown (rounded to nearest thousands of dollar) of the remuneration of Directors for the FY2021 is set out below:

	Salary and allowance (S$'000)	**Directors' fees (S$'000)**	**Total (S$'000)**
Goh Yeow Tin	–	36	36
Dr. Ong[(1)]	116	–	116
Francis Lee	–	36	36
Simon Ong[(1)(2)]	–	36	36

Notes:

(1) Our CEO and Executive Director, Dr. Ong is the uncle of our Non-Executive Non-Independent Director, Mr Simon Ong and a substantial shareholder of the Company, Ms Ong Bee Kuan Melissa.

(2) Our Non-Executive Non-Independent Director, Mr Simon Ong and a substantial shareholder of the Company, Ms Ong Bee Kuan Melissa are siblings. They are also nephew and niece of Dr. Ong.

REPORT ON **CORPORATE GOVERNANCE**

Given the highly competitive conditions of the business environment and the sensitive nature of the subject, the Group believes that the disclosure of the total remuneration of each individual KMP as recommended by the Code may not be in the best interest of the Group. Nevertheless (and having noted the Practice Guidance 8 "Disclosure on Remuneration"), the Group has sought to provide the remuneration of these executives in the bands of S$250,000 and also a breakdown in percentage terms. The breakdown (in percentage terms) of the remuneration of five (5) top KMP of the Group (who are not Directors or CEO) for FY2021 is set out below:

Below S$250,000	**Designation, Name of Entity**	**Salary and allowance (%)**
Wang Xuebo[1]	General Manager, Mianzhu Norwest	100.0
Xu Long	Deputy General Manager, Mianzhu Norwest	100.0
Jaime Chiew Chi Loong[2]	Chief Risk Officer, Company	100.0
Chia Chin Hau	Group Financial Controller, Company	100.0

Notes:

(1) Mr Wang Xuebo had contacted the Company on 15 May 2021 and is currently on unpaid leave. Please refer to the announcement dated 17 May 2021 for further details.

(2) Our Chief Risk Officer ("CRO"), Mr Jaime Chiew Chi Loong, is the spouse of our former Non-Executive Non-Independent Director, Ms Ong Bee Pheng and the son-in-law of our CEO and Executive Director, Dr. Ong (i.e. who are substantial shareholders and together with the other members of the Ong family represent the controlling shareholders). Mr Jaime Chiew Chi Loong's annual remuneration for FY2021 was between S$100,000 and S$150,000.

There were no variable and performance bonuses and long term incentive paid to these executives in FY2021.

In aggregate, the total remuneration paid to the five (5) top KMP was S$259,700 in FY2021.

No termination, retirement and post-employment benefits were granted to Directors, CEO and top five (5) KMP (who are not directors or the CEO) of the Group in FY2021.

Save as disclosed, there was no family relationship between any of our Directors and/or KMP, or between any of our Directors and KMP and there was also no employee who is a substantial shareholder of the Company or an immediate family member of a Director or CEO or substantial shareholder of the Company, and whose remuneration exceeded S$100,000 during FY2021.

Share options scheme and performance share scheme

The Company had adopted a performance share plan known as the "AsiaPhos Performance Share Plan" (the "**Share Plan**") which was approved by the shareholders of the Company at an extraordinary general meeting held on 22 August 2013.

Details of the Share Plan are disclosed in the Report of the Directors on page 46 of this Annual Report.

To motivate Executive Directors and KMP, the awards granted under the Share Plan will primarily be performance-based, incorporating an element of stretched targets for senior executives and considerably stretched targets for key senior management, aimed at delivering long-term shareholder value. Examples of performance targets to be set include targets based on criteria such as medium- and long-term corporate objectives of the Group and will be aimed at sustaining long-term growth. The corporate objectives shall cover market competitiveness, business growth and productivity growth.

REPORT ON **CORPORATE GOVERNANCE**

The performance targets could be based on criteria such as sales growth, growth in earnings and return on investment. Additionally, inter alia, the participant's length of service with the Company, achievement of past performance targets, extent of value-adding to the Company's performance and development and overall enhancement to shareholder value will be taken into account.

The Share Plan is administered by the RC and no awards have been granted to any participant under the Share Plan since its adoption.

(C) ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls
The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board ensures a sound system of risk management and internal controls. The Board also instils the right risk focused tone at the top for effective risk governance throughout the Group.

The Group does not have a formal risk management committee. However, the Company has appointed Mr Jaime Chiew Chi Loong, the CRO, to oversee the Group's risk management activities. The AC, on behalf of the Board, with the assistance of the CRO, reviews the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems established by the Management at least annually. This ensures that such system is sound, adequate and effective to provide reasonable assurance in safeguarding shareholders' interests and the Group's assets.

The Group's internal controls and risk management systems are designed to provide reasonable assurance to the integrity and reliability of the financial information, and to safeguard and maintain accountability of assets. Procedures are in place to identify major business risks and evaluate potential financial implications, as well as for the authorisation of material capital expenditure and investments.

The Management regularly reviews the Group's business and operations to identify areas of significant business risks and set out appropriate mitigating actions and monitoring mechanisms to respond to these risks. The Management will highlight all significant matters to the AC and Board. The Board is ultimately responsible for the governance of risk and exercises oversight in risk management strategy and framework.

The Board has been working closely with Management in monitoring challenges posed by the Covid-19 pandemic. The issues reviewed by the Board in the face of the Covid-19 pandemic (including changes to business fundamentals, and the significant risks facing the Group as a result of the pandemic) can be found in the Company's Sustainability Report.

During the course of the year under review, the Board was promptly informed of the Company's Covid-19 business continuity plan which was implemented to ensure appropriate systems and procedures within the Group to specifically address the impact of the pandemic on business operational risks. Management closely monitored developments on the Covid-19 situation within the Group and coordinated the escalation of information regarding any impact and mitigation measures to the Board.

The Board was also regularly updated on relevant legal and regulatory requirements in light of the rapidly evolving Covid-19 situation. The Risk Statement can be found on pages 37 to 38 of this Annual Report.

REPORT ON **CORPORATE GOVERNANCE**

The Group's financial risk management objectives and policies are discussed further in Note 35 to the financial statements. For FY2021, the Board has also received assurance from the CEO, CRO and Group Financial Controller, that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (ii) the Group's risk management and internal control systems are adequate and effective. Both the Board and the AC did not identify any material weaknesses in the Group's internal controls in FY2021.

Based on the internal controls established and maintained by the Group, the statutory audit conducted by the external auditor, and reviews performed by the Management and the AC, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls addressing financial, operational, compliance, information technology controls, risk management systems or significant business risks are adequate and effective to meet the needs of the Group in its current business environment as at 31 December 2021.

The system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

Principle 10: Audit Committee
The Board has an Audit Committee (AC) which discharges its duties objectively.

The AC comprises three (3) members, all of whom are non-executive. Two (2) of the members, including the AC Chairman, are Independent Directors. The members of the AC are:

– Mr Francis Lee (Chairman, Non-executive Independent Director)

– Mr Goh Yeow Tin (Member, Non-executive Independent Director)

– Mr Simon Ong (Member, Non-executive Non-Independent Director)

In FY2021, the Board has assessed and reviewed, together with the assistance of the NC, and are of the view that the members of the AC are appropriately qualified to discharge their responsibilities. The Board's view is that adequate and reasonable assistance and support have been properly rendered by the Management to the AC and that the AC has effectively and efficiently contributed to the Board and to the Group. In addition, two (2) of the members of the AC have relevant accounting and related financial management expertise, experience and knowledge and the Chairman of the AC is a Chartered Accountant and non-practising member of the Institute of Singapore Chartered Accountants.

The AC meets at least four (4) times a year. Additional meetings are scheduled if considered necessary by the chairman of the AC. During FY2021, the AC held four (4) scheduled meetings, which were attended by all Directors and Management.

The duties and functions of the AC include the following:

– Reviewing the significant financial reporting issues and judgments with the Management and external auditor so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance before the submission of the same to the Board;

– Reviewing and reporting to the Board at least annually the effectiveness and adequacy of the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems established by the Management. Such reviews may be carried out internally or with the assistance of any competent third parties;

REPORT ON CORPORATE GOVERNANCE

- Reviewing the assurance from the CEO, CRO and Group Financial Controller on the financial records and financial statements;

- Nominating persons as internal and external auditors (notwithstanding anything contained in the Company's Constitution or under Section 205 of the Companies Act, Chapter 50 of Singapore), reviewing their appointment or re-appointment as well as matters relating to their remuneration, resignation or dismissal or terms of engagement;

- Reviewing the adequacy, effectiveness, independence, scope and results of the Group's external and internal audit;

- Reviewing and discussing with the external and internal auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, and the Management's response;

- Meeting with external and internal auditors, in each case without the presence of the Management, at least annually and reviewing the co-operation given by the Management to external and internal auditors;

- Reviewing and approving interested person transactions and reviewing procedures thereof; and

- Reviewing potential conflicts of interests (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests.

The Company has a whistle-blowing policy whereby staff of the Group and relevant external parties may, in confidence, raise concerns about possible irregularities in matters of financial reporting or other matters. The policy defines the processes clearly to ensure independent investigation of such matters and permits whistleblowers to report directly either to their supervisor or the chairman of the AC in writing or telephone or meet in confidence at a location to be determined together. The AC has power to conduct or authorise investigations into any matter within the AC's scope of responsibility. In the policy, it also has designated to ensure that the identity of the whistleblower is kept confidential and the Company is committed to ensure protection of the whistleblower against reprisal. No whistle-blowing reports were received in FY2021.

The AC has explicit authority to investigate any matter within its Charter. Throughout the financial year, it has full access to the Management and full discretion to invite any Director or KMP to attend its meetings, and to be provided with reasonable resources to enable it to discharge its functions properly. The Management were present at the AC meetings to report and brief the AC members on the financial and operating performance of the Group and to answer any queries from the AC members on any aspect of the operations of the Group.

The AC has direct access to the external auditors and has met up with the external auditors during FY2021 without the presence of the Management to discuss any matters arising from the financial reporting process and systems of internal controls. One of the directors recused himself during the meetings given his familial relationship with the Management. The external auditors were also invited to be present at all AC meetings held during the year to, inter alia, answer or clarify any matter on accounting and auditing or internal controls.

The financial statements of the Company and its subsidiaries are audited by Foo Kon Tan LLP ("**FKT**") and its member firm. The AC and the Board are of the view that the audit firms are adequately resourced, and of appropriate standing with international affiliation. They have reviewed and are satisfied that the appointment of FKT as the Company's external auditor would not compromise the standard and effectiveness of the audit of the Group and that the Company has complied with Rule 712 and Rule 715 of the Catalist Rules.

REPORT ON **CORPORATE GOVERNANCE**

During FY2021, the AC reviewed the planned audit procedures and the potential key audit areas as presented by FKT. These material issues which FKT assessed to be most significant in its audit are namely, assets and liability of disposal group and discontinued operation, impairment of investments in subsidiaries and amounts due from subsidiaries, recoverable amount of property, plant and equipment and going concern assumption.

Following the review and discussions, the AC was satisfied with the approach and appropriateness of methodologies used by the Management, as adopted and disclosed in the financial statements, and recommendation was made by the AC to the Board to approve the financial statements.

During the course of review of the financial statements for FY2021, the AC discussed with the Management and FKT on the significant issues that were brought to the AC's attention. The AC reviewed the work performed by the Management and made enquiries relevant to the key audit focus areas. In addition, the AC also reviewed and discussed the findings presented and related work performed by FKT.

The AC was satisfied that significant matters highlighted have been properly addressed and appropriately adopted and disclosed in the financial statements. The AC recommends to the Board to approve the financial statements. The Board then reviews and approves the financial statements.

For FY2021, FKT confirmed that the firm and audit team members have complied with the independence requirements in the Code of Professional Conduct and Ethics of the Singapore Accountants (Public Accountants) Rules. There were no non-audit services provided by FKT in FY2021. The AC has also reviewed the fees for non-audit services provided by FKT during FY2021, and is of the opinion that such did not prejudice their independence and objectivity. A breakdown of fees paid to FKT and its member firms for audit and non-audit services provided to the Group during FY2021 is as follows:

(S$'000)	FKT entities in Singapore	Overseas HBL auditor[(1)]
Audit fees	72.8	18.7
Total	72.8	18.7

Note:

[(1)] Refers to members firms within the HLB international network.

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

The AC also has considered the adequacy of the resources, experience and competence of FKT, and has taken into account the Audit Quality Indicators relating to FKT at the firm level and on the audit engagement level. Consideration is also given to the experience of the engagement partner and key team members in handling the audit team's ability to work in a co-operative manner with Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed timelines.

On the basis above, the AC is of the opinion that FKT is independent for the purpose of the Group's statutory audit and satisfied with the standard and quality of work performed by FKT. The AC has recommended to the Board the nomination of FKT for re-appointment as the Company's external auditor at the forthcoming AGM.

Historically, the Group outsourced its internal audit function. In FY2021, Mianzhu Norwest did not carry out any production. The Company is aware that it is currently not in compliance with the requirements under Rule 1204(10C) and Rule 719(3) of Catalist Rules and provisions 10.4 and 10.5 of the Code. Due to the Group's substantially reduced scale of operations in FY2021, the AC and the Board did not deem it efficient and effective to engage the outsourced

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IA to carry out onsite fieldwork for FY2021. Also, the Group had sold its entire inventory of phosphate rocks and P4 in the second half of FY2018. The Company shall engage an outsourced internal audit in compliance with the requirements under Rule 1204(10C) and Rule 719(3) of Catalist Rules and provisions 10.4 and 10.5 of the Code and the timing of such engagement will be determined by the AC taking into account factors such as, *inter alia*, business volume and operating activities of the Group.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT
(E) MANAGING STAKEHOLDER RELATIONSHIPS

Principle 11: Shareholder rights and conduct of general meetings
The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Principle 12: Engagement with shareholders
The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company. (For further details on how the group identifies and engages with material stakeholder groups, please refer to the group's Sustainability Report, which is published on SGXNET separate from the Annual Report),

Principle 13: Engagement with stakeholders
The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects, including interim and other price sensitive public information and reports to regulators (if required).

The Company strives to disclose information on a timely basis to shareholders and other stakeholders and ensures any disclosure of price-sensitive information is not made to a selective group. Price sensitive information will be publicly released before the Company meets with any group of shareholders, investors or research analysts.

Financial results, annual reports and sustainability report are announced and issued within the statutory prescribed periods. All announcements, annual reports and sustainability report, press releases on major developments of the Group are released on SGX-ST's website.

The Company, from time to time, participates in investors' seminars and briefings organised by external organisations. The Company publishes such presentation slides used during the seminars and briefings on SGX-ST's website. Shareholders, analysts and the press can contact the Company directly via office telephone number. Enquiries received are handled by designated members of senior Management in lieu of a dedicated investor relations team.

The shareholders are informed of general meetings through notices enclosed together with the annual reports or circulars sent to all shareholders. Notices of general meetings to shareholders are issued at least 14 days (or as required) before the scheduled date of such meetings. These notices are also posted on SGX-ST's website.

Directors, including the chairman of the Board and Board Committees, and senior Management are present at the general meetings to answer shareholders' questions. The external auditor will also be present, if necessary, to assist the Directors in addressing any relevant queries by shareholders.

REPORT ON **CORPORATE GOVERNANCE**

At each general meeting, shareholders are communicated with relevant rules and procedures governing such meetings. They will be given the opportunity to air their views and to ask the Directors and the Management questions regarding the Group and its business. The Directors and Management also took the opportunity to interact with shareholders before and after the meeting. The Directors and Management also took the opportunity to interact with shareholders before and after the meeting. The external auditor was also be present to assist the Directors in addressing any relevant queries from the shareholders. The Company Secretary prepares the minutes of each general meetings which would include substantial or relevant comments from shareholders and responses of the Board and the Management. Provision 11.5 of the Code provides that a company should publish minutes of general meetings of shareholders its corporate website as soon as practicable after such meetings. Although the Company does not have a practice of publishing the minutes of its general meetings (which, by their nature, are essentially closed-door proceedings attended by shareholders or their duly appointed proxies) on its website, the Company is of the view that shareholders generally would have the opportunity to understand about the Group's strategy and portfolio of key assets and investments, the Group's performance, position and prospects, from other readily accessible content available on the SGX-ST's website. In any event, accordance with statutory requirements, the Company makes minutes of its general meetings available to shareholders upon request and upon authentication of the shareholder's identity. The minutes of the Company's general meeting will be published on the SGXNet within 1 month from the date of such general meeting.

Pursuant to Rule 730A(2) of the Catalist Rules, all resolutions will be put to vote by way of a poll and the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be announced on SGT-ST's website after the conclusion of the general meeting. The voting procedures are also explained to all the shareholders during the general meetings. All resolutions are separate unless they are interdependent and linked, in which case, the reasons and material implications are explained. Under the Constitution of the Company, abstentia voting at general meetings of shareholders is allowed. However, as authentication of shareholder identity information and other related security issues remains a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, e-mail or fax.

Shareholders can vote in person or appoint not more than two proxies to attend, speak and vote on their behalf at general meetings, with the exception that shareholders such as nominee companies, which provide custodial services for securities, are able to appoint more than two (2) proxies to attend, speak and vote at general meetings notwithstanding the Company's Constitution which does not differentiate between the number of proxies which may be appointed by shareholders and by nominee companies.

In light of the Covid-19 pandemic, the forthcoming AGM of the Company to be held in respect of FY2021 will be convened and held by electronic means pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of AGM, addressing of substantial and relevant questions at or prior to the AGM and voting by appointing the Chairman of the AGM as proxy, will be put in place for the forthcoming AGM of the Company.

Apart from creating long-term value for its shareholders, and upholding high standards of governance, the Group also recognises the importance of environmental sustainability and social responsibilities to other stakeholders. The Company will publish its standalone sustainability report for FY2021 within the prescribed timeline on SGX-ST's website.

The Company does not have a fixed dividend policy at present. The declaration and payment of dividends by the Group is subject to many factors, including but not limited to, the Group's results of operations, cash flows and financial position, the Group's expansion and working capital requirements and the Group's future growth and prospects. There was no dividend recommended in respect of FY2021 as the Group continues to work on strengthening its balance sheet and working capital positions.

REPORT ON **CORPORATE GOVERNANCE**

(F) DEALINGS IN SECURITIES

The Group has adopted an internal code on dealings in securities, which is in compliance with Rule 1204(19) of the Catalist Rules and has been disseminated to all employees within the Group. The Company will also send a notification via email to notify all its officers and employees a day prior to the close of window for trading of the Company's securities.

Directors and employees of the Group are reminded not to deal (whether directly or indirectly) in the Company's securities on short-term considerations and be mindful of the law on insider trading as prescribed by the Securities & Futures Act of Singapore, Chapter 289.

The internal code on dealings in securities also makes clear that it is an offence to deal in the Company's securities, while in possession of unpublished price-sensitive information and prohibits trading in the following periods:

(i) The period commencing two (2) weeks before the announcement of the Company's financial statements for the first, second and third quarters of its financial year; and

(ii) The period commencing one (1) month before the announcement of the Company's financial statements for its full financial year.

Each of the above periods will end on the date of the announcement of the relevant results of the Company.

Directors are required to report to the Company Secretary whenever they deal in the Company's shares. Thereafter, the Company Secretary updates the Register of Directors' Shareholdings and make the necessary announcements on SGX-ST's website.

(G) INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons ("**IPTs**") within the meaning of the Catalist Rules are reported in a timely manner to the AC and that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Group and its minority shareholders.

On 21 June 2013, Dr. Ong, Mr Ong Kwee Eng (an associate of Dr. Ong), and two of our KMP, namely Mr Wang Xuebo and Mr Chia Chin Hau (collectively, the "**Indemnitors**") signed a deed of indemnity, under which they have jointly and severally undertaken, inter alia, to indemnify and hold harmless the Group against losses in connection with certain land use rights and certain licences, permits and approvals for the Group's PRC operations (the "**Indemnity**"). No fees were paid or benefits given to the above-mentioned individuals in connection with the deed of indemnity. Please refer to the Company's offer document dated 25 September 2013 ("**Offer Document**") under the section "Interested Person Transactions – Present and Ongoing Interested Period Transactions" (Page 191) for further details. On 20 February 2017, the Company and the Indemnitors entered into a supplemental deed, pursuant to which it was agreed that the Indemnity shall terminate upon the occurrence of (i) any transaction or series of transaction resulting the Indemnitors and their associates (as defined in the Catalist Rules) collectively holding less than 51.0% of the total issued and paid-up share capital of the Company; and (ii) Dr. Ong, Mr Simon Ong, Mr Raymond Ong and Ms Ong Bee Pheng, and any relative (including by marriage) of Dr. Ong from time to time, no longer collectively constituting a majority representation on the Board.

REPORT ON **CORPORATE GOVERNANCE**

In addition to the loan of $200,000 extended by Dr. Ong in August 2019, Dr. Ong has extended a loan of $150,000 in February 2020; $200,000 in June 2020; $200,000 in August 2020; $100,000 in November 2020; $100,000 in January 2021; $100,000 in February 2021; $100,000 in March 2021; $150,000 in June 2021; $100,000 in July 2021, $50,000 in August 2021 and another $150,000 in October 2021 to the Company. As at 31 December 2021, the loan from Dr. Ong amounted to $1,600,000. These loans are for the Company's working capital, are unsecured, repayable on demand and will bear interest at 8% per annum. From August 2019 to December 2021, interest on loans accrued to Dr. Ong amounted to $151,000.

Astute Ventures Pte Ltd, a controlling shareholder, has extended loans of $201,750 in April 2021; $211,120 in May 2021, and another $20,000 in September 2021. As at 31 December 2021, the loan from Astute Ventures Pte Ltd amounted to $432,870. These loans are for the Company's working capital, are unsecured, repayable on demand and will also bear interest at 8% per annum. From April 2021 to December 2021, interest on loans accrued to Astute Ventures Pte Ltd amounted to $28,800.

The Audit Committee had discussed the terms of the loans and is of the view that the loans are i) for the benefit of the Group; ii) on normal commercial terms; and iii) are not prejudicial to the interests of the issuer and its minority shareholders.

Other than the above, there were no other IPTs in FY2021.

The Company did not obtain any general mandate from shareholders for IPTs for FY2021. The Company will issue circular and seek shareholders' approval for the IPT Loans interest.

Name of interested person	**Nature of relationship**	**Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)**	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)**
Dr Ong Hian Eng	Director	Nil[1]	Not applicable
Astute Ventures Pte Ltd	Controlling shareholder	Nil[2]	Not applicable

Notes:

(1) As explained in the previous paragraphs, Dr Ong has extended numerous loans during August 2019 – October 2021. As at the date of this announcement, the loans from Dr Ong amounted to $1,600,000. From August 2019 to December 2021, interest on loans accrued to Dr. Ong amounted to $151,000.

(2) As explained in the previous paragraphs, Astute Ventures Pte Ltd has extended numerous loans during April 2021 – September 2021. As at the date of this announcement, the loans from Astute Ventures Pte Ltd amounted to $432,870. From April 2021 to December 2021, interest on loans accrued to Astute Ventures Pte Ltd amounted to $28,800.

The loans are unsecured, repayable on demand and will bear interest at 8% per annum.

REPORT ON CORPORATE GOVERNANCE

(H) MATERIAL CONTRACTS

In addition to the loan of $200,000 extended by Dr. Ong in August 2019, Dr. Ong has extended a loan of $150,000 in February 2020; $200,000 in June 2020; $200,000 in August 2020; $100,000 in November 2020; $100,000 in January 2021; $100,000 in February 2021; $100,000 in March 2021; $150,000 in June 2021; $100,000 in July 2021, $50,000 in August 2021 and another $150,000 in October 2021 to the Company. As at 31 December 2021, the loan from Dr. Ong amounted to $1,600,000. These loans are for the Company's working capital, are unsecured, repayable on demand and will bear interest at 8% per annum. From August 2019 to December 2021, interest on loans accrued to Dr. Ong amounted to $151,000.

Astute Ventures Pte Ltd, a controlling shareholder, has extended loans of $201,750 in April 2021; $211,120 in May 2021, and another $20,000 in September 2021. As at 31 December 2021, the loan from Astute Ventures Pte Ltd amounted to $432,870. These loans are for the Company's working capital, are unsecured, repayable on demand and will also bear interest at 8% per annum. From April 2021 to December 2021, interest on loans accrued to Astute Ventures Pte Ltd amounted to $28,800.

Save for the service agreement and loan agreement between the Executive Director as set out in this report, there were no material contracts entered into by the Company or any of its subsidiaries involving the interests of the CEO, any Director or controlling shareholder of the Company either still subsisting as at the end of FY2020 or if not subsisting, was entered into since the end of the previous financial year.

(I) NON-SPONSOR FEES

No fees relating to non-sponsorship activities or services were paid to the Company's sponsor, Asian Corporate Advisors Pte. Ltd. during FY2021.

(J) SUSTAINABILITY REPORT

The Company will be publishing its Sustainability Report based on the Global Reporting Initiative Standards. The report will be available on the SGX-ST's website on or before 30 April 2022.

RISK STATEMENT

The Group recognises that risk is inherent in a business and its operations, and that commercial risks are taken in the course of generating a return on business activities. The Group's policy is that risks should be managed within the Group's overall risk tolerance.

The Management regularly reviews the Group's business and operational activities to identify areas of significant business and process risks, as well as appropriate measures through which to control and mitigate these risks. On an on-going basis, the Management reviews all significant business processes and control policies and procedures, and highlights all significant matters to the Board and AC.

The main objective of risk management policies of the Group is to protect the Group against material losses that may result from taking on risks for which it may not be adequately compensated. The Board's philosophy on risk management is that all risks must be identified, understood, monitored and managed. Furthermore, risk management processes must be closely aligned to the Group's vision and strategy.

The Group believes that effective risk management is the responsibility of all directors and managers and that the Board is ultimately responsible for the oversight of the Group's overall risk management systems and policies. The AC assists the Board on the oversight of financial reporting risks, adequacy and effectiveness of the Group's internal controls and risk management system, information technology controls and other operational risks. A sound system of internal control is essential and, in this regard, the responsibilities of process managers are designed such that there is adequate segregation of duties so that there is a system of checks and balances in the key areas of operations.

Historically, the Group has outsourced its internal audit function to a big 4 accounting firm (the "IA"). The work undertaken by the IA is carried out in accordance with internationally recognised professional bodies including Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The work undertaken by the IA includes auditing of the Group's system of internal financial, operational and compliance controls over its key operations. The IA will report their audit findings and recommendations directly to the AC. Due to the Group's substantially reduced scale of operations in FY2021, the AC and the Board did not deem it efficient and effective for the IA to carry out onsite fieldwork in FY2021.

In performing their audit of the financial statements, the external auditors perform tests over operating effectiveness of certain controls that the auditors intend to rely on that are relevant to the Group's preparation of financial statements. The external auditors also report any significant deficiencies, if any, in such internal controls to the AC.

The AC reviews the effectiveness of the actions taken by the Management on the recommendations made by the external auditors and IA.

Although the Group currently does not have a formal risk management committee, the Management regularly reviews the Group's business and operations to identify areas of significant business risks and controls to mitigate the risks. The Management will highlight all significant matters to the Board and AC. For more detailed discussion on the Group's financial risk management objectives and policies, they can be found in Note 35 to the financial statements.

Since June 2018, the Group shut down the furnaces for maintenance and has not resumed production due to the lack of phosphate rocks, as a result of the Chinese government's actions which deprive the Group of access to its phosphate rocks which is a key raw material for cost efficient production of P4.

As outlined in the "Message to Shareholders" section, the principal risks faced by the company relate to the ongoing international arbitration pertaining to the Group's mining assets. To safeguard our interest, an international law firm with extensive experience in international arbitration has been appointed as legal counsel. The Board of Directors is updated on material developments relating to the international arbitration on a timely basis, and also at the quarterly Board meetings.

RISK STATEMENT

Based on the internal controls established and maintained by the Group, the statutory audit conducted by the external auditors, and reviews performed by the Management and various Committees, including the AC, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls addressing financial, operational, compliance, information technology controls, risk management systems or significant business risks are adequate and effective to meet the needs of the Group in its current business environment as at 31 December 2021.

DIRECTORS' **STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The directors submit this annual report to the member of AsiaPhos Limited (the "Company") together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2021 and the statement of financial position of the Company as at 31 December 2021.

In our opinion,

(a) having regard to the matters disclosed in the notes to the financial statements, in particular Notes 2(a), 2(d), 4, 5, 8, 12, 14 and 15, the accompanying financial statements of the Group and statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group for the year financial year ended on that date in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, having regard to the information as disclosed in Note 2(a) to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Names of directors

The directors of the Company in office at the date of this report are:

Goh Yeow Tin (Chairman)
Dr. Ong Hian Eng
Francis Lee Fook Wah
Ong Eng Hock Simon

Arrangements to acquire shares, debentures, warrants or options

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement of which the object was to enable the directors to acquire benefits through the acquisition of shares, debentures, warrants or options of the Company or any other corporate body, other than as disclosed in this report.

Directors' interest in shares, debentures, warrants or options

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, the following directors, who held office at the end of the financial year, had an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		**Deemed interest**	
	As at 1.1.2021	**As at 31.12.2021**	**As at 1.1.2021**	**As at 31.12.2021**
The Company	Number of ordinary shares			
Ong Hian Eng (Note A)	**9,024,394**	9,024,394	**230,653,636**	230,653,636
Ong Eng Hock Simon	**2,919,306**	2,919,306	**–**	–
Francis Lee Fook Wah	**200,000**	200,000	**–**	–

Note A:
FICA (Pte.) Ltd. is controlled by Dr. Ong and he is therefore deemed to be interested in the 230,653,636 Shares held by FICA (Pte.) Ltd.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Directors' interest in shares, debentures, warrants or options (Continued)

There is no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2021.

Dr. Ong Hian Eng who by virtue of his interest in not less than 20% of the issued share capital of the Company, is deemed to have an interest in the shares of the wholly-owned subsidiaries held by the Company and in the following subsidiaries that are not wholly-owned by the Group.

	As at 1.1.2021 No. of shares	As at 31.12.2021 No. of shares
Deyang Fengtai Mining Co., Ltd.	**1,000,000**	**1,000,000**

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

AsiaPhos Performance Share Plan (the "Share Plan")

The Share Plan of the Company was approved at an Extraordinary General Meeting held on 22 August 2013. The Share Plan fosters a framework of ownership within our Group which aligns the interests of our Group Executives (including Directors of the Company) with interests of shareholders.

Unless otherwise defined, all defined terms shall have the same meanings as set forth in the Offer Document of the Company dated 25 September 2013.

The Share Plan is administered by the Remuneration Committee (the "RC") comprising:

– Goh Yeow Tin (Chairman)
– Francis Lee Fook Wah
– Ong Eng Hock Simon

The following persons are eligible to participate in the Share Plan:

(a) Group Executives who have attained the age of 21 years as of the award date;

(b) Group Executive Directors and Group Non-Executive Directors (including Independent Directors); and

(c) Persons who meet the criteria of (a) and (b) above and who are Controlling Shareholders or Associates of a Controlling Shareholder, provided that the participation of and the terms of each grant and the actual number of Awards granted under the Share Plan to a Participant who is a Controlling Shareholder or an Associate of a Controlling Shareholder shall be approved by independent shareholders in general meeting in separate resolutions for each such person, and in respect of each such person, in separate resolutions for each of (i) his participation; and (ii) the terms of each grant and the actual number of Awards to be granted to him, provided always that it shall not be necessary to obtain the approval of independent shareholders for the participation in the Share Plan of a Controlling Shareholder or an Associate of a Controlling Shareholder who is, at the relevant time already a Participant.

Participants must not be an undischarged bankrupt and must not have entered into a composition with his creditors.

AsiaPhos Performance Share Plan (the "Share Plan") (Continued)

The RC shall decide, in relation to an Award:

(a) the Participant;

(b) the Award Date;

(c) the Performance Period;

(d) the number of Shares which are the subject of an Award;

(e) the Performance Conditions;

(f) the Release Schedule; and

(g) any other conditions which the Committee may determine in relation to that Award.

A member of the RC who is also a Participant shall not be involved in the RC's deliberation in respect of Awards granted or which will be granted to him.

The aggregate number of shares which may be issued or transferred pursuant to Awards granted under the Share Plan, when added to (i) the number of shares issued and issuable and/or transferred or transferable in respect of all Awards granted thereunder; and (ii) all shares issued and issuable and/or transferred or transferable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company for the time being in force, shall not exceed fifteen per cent (15%) of the entire issued and paid-up share capital (excluding treasury shares) of the Company on the day preceding the relevant date of the Award.

In addition, the number of shares available to Controlling Shareholders or Associates of a Controlling Shareholder is subject to the following:

(a) the aggregate number of Shares comprised in Awards granted to Controlling Shareholders or Associates of Controlling Shareholders under the Share Plan shall not exceed twenty-five per cent (25%) of the aggregate number of Shares (comprised in Awards) which may be granted under the Share Plan; and

(b) the number of Shares available to each Controlling Shareholder or Associate of a Controlling Shareholder shall not exceed ten per cent (10%) of the Shares available under the Share Plan.

The Share Plan shall continue in force at the discretion of the RC, subject to a maximum period of ten (10) years commencing on the date on which the Share Plan is adopted by our Company in general meeting, provided always that the Share Plan may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Share Plan, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

Since the adoption of the Share Plan, no share has been awarded to any participant under the Share Plan.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Audit Committee

The audit committee (the "AC") carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act 1967, the Catalist Rules of the Listing Manual of the SGX-ST and the Code of Corporate Governance. The functions performed are detailed in the Report on Corporate Governance set out in the Annual Report of the Company for the financial year ended 31 December 2021.

There were no non-audit services provided by the external auditor nor its member firm to the Group. The AC has conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance from all members. The AC has also met with the external auditor, without the presence of the Company's management, at least once a year. Two of the directors recused themselves during the meetings given their familial relationship with the management.

The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Full details regarding the Audit Committee are provided in the Report on Corporate Governance.

In appointing our auditors for the Company and its subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Independent auditor

The independent auditor, Foo Kon Tan LLP, Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

....
ONG HIAN ENG
Director

....
ONG ENG HOCK SIMON
Director

Dated: 12 April 2022

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF ASIAPHOS LIMITED

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of AsiaPhos Limited (the "Company"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(1) Going concern

The Group incurred a net loss after tax of $77,851,000 and reported net operating cash outflows of $2,683,000 for the financial year ended 31 December 2021. Excluding the assets and liability of the disposal group, the Group's current liabilities exceeded its current assets by $13,284,000 as at 31 December 2021. The Company had net current liability of $4,910,000 as at 31 December 2021. The above factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

The directors have prepared the financial statements on a going concern basis based on the assumptions as disclosed in Note 2(a) to the financial statements. The assumptions are premised on future events the outcomes of which are inherently uncertain. Based on the information available to us, we have not been able to obtain sufficient audit evidence to satisfy ourselves as to the appropriateness of the use of the going concern assumption in the preparation of the financial statements.

If the Group and the Company are unable to continue as a going concern, the Group and the Company may be unable to discharge their liabilities in the normal course of business, and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and may need to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. No such adjustments have been made to the financial statements.

(2) Assets and liability of disposal group and discontinued operation (Note 14)

The assets and directly associated liabilities of Mine 1 and Mine 2 ("Mine 1" and "Mine 2") of Sichuan Mianzhu Norwest Phosphate Chemical Co., Ltd and the mine of Deyang Fengtai Mining Co., Ltd. ("Fengtai Mine") (collectively, the "Mining Assets") were reclassified as assets and liabilities of disposal group in the Group's consolidated balance sheet on 30 November 2017.

The proposed disposal has not been completed as at 31 December 2021. Further details are as disclosed in Note 2(d) and Note (14) to the financial statements.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF ASIAPHOS LIMITED

Basis for Disclaimer of Opinion (Continued)

(2) Assets and liability of disposal group and discontinued operation (Note 14) (Continued)

As disclosed further in Note 2 (d) and Note 14, the directors are of the view that it remains appropriate to classify the Mining Assets as assets and liabilities of disposal group in the Group's consolidated balance sheet as at 31 December 2021 and its results as discontinued operation on the Group's consolidated statement of comprehensive income for the year ended 31 December 2021. Our opinion on the financial statements for the prior financial year ended 31 December 2020 was modified in respect of this matter.

As at 31 December 2021, the directors reassessed the Group's position in the investment dispute with the Chinese Government and were of the view that an amicable settlement with the Chinese Government was unlikely. Accordingly, the Group recognised an impairment loss of $90,066,000 on the entire carrying value of the Mining Assets presented within "assets of disposal group", and reversed deferred tax liabilities of $16,383,000 presented within "liabilities of disposal group" to "Tax credit" in "Profit/(Loss) from discontinued operation, net of tax", for the year ended 31 December 2021.

There exists significant uncertainties with respect to the outcome of the proposed disposal as it is subject to further negotiation with the relevant authorities in the People's Republic of China ("PRC"). Based on the information available to us, we were unable to obtain sufficient appropriate audit evidence to determine the appropriateness of the classification of the Mining Assets as assets and liabilities of disposal group, and the carrying values of the assets and liabilities of disposal group in the Group's consolidated balance sheet as at 31 December 2020 and 31 December 2021. We were also unable to obtain sufficient appropriate evidence on the classification as and disclosures relating to discontinued operation in the statement of comprehensive income, including whether the impairment made of $90,066,000 and its consequent tax effects, and the non-controlling interest's share of the results of $11,847,000 in 2021 are appropriately stated.

(3) Recoverable amount of property, plant and equipment (Note 4) and right-of-use assets (Note 5)

The Group assessed the recoverable amount of the elemental phosphorus (the "P4") plant as at 31 December 2021 based on valuation reports prepared by an independent Chinese professional valuer engaged by one of the Group's bankers to determine the value of certain parts of the P4 plant and associated land use rights which were used to secure the Group's loan with the bank. However, we could not obtain the related underlying computations for the valuations performed. As a result, we were unable to obtain sufficient appropriate evidence to satisfy ourselves on the reasonableness of the key assumptions and inputs used in the determination of the recoverable amount of the P4 plant. Consequently, we were unable to assess the appropriateness of the carrying value of the property, plant and equipment and right-of-use assets related to the P4 plant as at 31 December 2021 and 31 December 2020.

The Company did not assess the recoverable amount of the plant and equipment of a subsidiary with a carrying value of $43,000 as at 31 December 2021. This is not in compliance with SFRS(I) 1-36 Impairment of Assets. We were unable to satisfy ourselves by alternative means concerning the carrying amount of plant and equipment as at 31 December 2021.

Our opinion on the financial statements for the prior financial year ended 31 December 2020 was modified in respect of the Sodium Tripolyphosphate plant (the "STPP plant") whose carrying amount as at 31 December 2020 was based on a valuation report as at 31 July 2020 prepared by an independent Chinese professional valuer for asset disposal reference purposes. We were unable to assess the appropriateness of the carrying value of the property, plant and equipment and right-of-use assets as at 31 December 2020 without the underlying computations for the valuation from the valuer. The STPP plant was transferred to non-current assets classified as held for sale during the financial year ended 31 December 2021. Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

Basis for Disclaimer of Opinion (Continued)

(4) Impairment of investment in subsidiaries (Note 8) and amounts due from subsidiaries (Note 12)

The Group recognised an impairment loss of $36,049,000 on investment in subsidiaries for the year ended 31 December 2021 based on the adjusted net assets of the subsidiaries. This is not in compliance with SFRS(I) 1-36 *Impairment of Assets* which requires the recoverable amount of non-financial assets to be estimated based on the higher of the asset's fair value less costs of disposal and its value in use. We were unable to satisfy ourselves by alternative means the appropriateness of the impairment loss for the year ended 31 December 2021 as well as the carrying amount of investment in subsidiaries at 31 December 2021 and 31 December 2020.

As at 31 December 2021, the Company had a non-trade amount of $42,000 due from a subsidiary which had net liabilities and did not have sufficient accessible highly liquid assets to repay the amount to the Company if demanded at the reporting date. As at 31 December 2021, the Company did not recognise an impairment loss on this amount which is a departure from Singapore Financial Reporting Standard (International) 9 Financial Instruments.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis of Disclaimer of Opinion section of our report, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters referred to in the Basis for Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Toh Kim Teck.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 12 April 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		The Group			The Company	
	Note	**31 December 2021 $'000**	31 December 2020 $'000	1 January 2020 $'000	**31 December 2021 $'000**	31 December 2020 $'000
			(Restated)	(Restated)		
ASSETS						
Non-Current						
Property, plant and equipment	4	**10,353**	13,728	13,501	**–**	–
Right-of-use assets	5	**1,481**	4,040	4,519	**–**	–
Land use rights	6	**–**	–	–	**–**	–
Intangible asset	7	**–**	–	–	**–**	–
Investment in subsidiaries	8	**–**	–	–	**9,400**	45,449
Other receivables and prepayments	9	**8**	–	–	**–**	–
		11,842	17,768	18,020	**9,400**	45,449
Current						
Inventories	10	**153**	233	80	**–**	–
Trade receivables	11	**1**	23	40	**–**	–
Other receivables and prepayments	9	**498**	125	153	**170**	32
Amounts due from subsidiaries	12	**–**	–	–	**517**	340
Cash and bank balances	13	**2,876**	848	881	**413**	31
		3,528	1,229	1,154	**1,100**	403
Assets of disposal group	14	**–**	89,775	89,196	**–**	–
Non-current assets classified as held for sale	15	**6,476**	–	–	**–**	–
		10,004	91,004	90,350	**1,100**	403
Total Assets		**21,846**	108,772	108,370	**10,500**	45,852
EQUITY						
Capital and Reserves						
Share capital	16	**78,283**	78,283	78,283	**78,283**	78,283
Reserves	17	**(74,888)**	(9,744)	(8,448)	**(73,793)**	(36,892)
Equity attributable to equity holder of the parent		**3,395**	68,539	69,835	**4,490**	41,391
Non-controlling interests	8	**(2,537)**	9,310	9,463	**–**	–
Total Equity		**858**	77,849	79,298	**4,490**	41,391
LIABILITIES						
Non-current						
Deferred income	18	**2,085**	1,975	1,882	**–**	–
Deferred tax liabilities	19	**1,104**	1,022	862	**–**	–
Provision for reinstatement cost	20	**27**	27	45	**–**	–
Lease liability	21	**108**	133	–	**–**	–
		3,324	3,157	2,789	**–**	–

		The Group			The Company	
	Note	**31 December 2021 $'000**	31 December 2020 $'000	1 January 2020 $'000	**31 December 2021 $'000**	31 December 2020 $'000
			(Restated)	(Restated)		
Current						
Trade and other payables	22	**8,055**	2,956	2,607	**798**	356
Contract liabilities	23	**273**	339	209	**–**	–
Interest-bearing bank loans	24	**6,211**	6,300	6,004	**–**	–
Loan due to a director	25	**1,792**	913	200	**1,751**	897
Loan due to a controlling shareholder	26	**456**	–	–	**456**	–
Lease liability	21	**25**	24	66	**–**	–
Provision for taxation		**–**	44	45	**–**	–
Amounts due to subsidiaries	27	**–**	–	–	**3,005**	3,208
		16,812	10,576	9,131	**6,010**	4,461
Liabilities of disposal group	14	**852**	17,190	17,152	**–**	–
		17,664	27,766	26,283	**6,010**	4,461
Total Liabilities		**20,988**	30,923	29,072	**6,010**	4,461
Total Equity and Liabilities		**21,846**	108,772	108,370	**10,500**	45,852

No. The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	**Year ended 31 December 2021 $'000**	Year ended 31 December 2020 $'000
Continuing operations			
Revenue	3	**1,273**	846
Cost of sales		**(1,119)**	(757)
Gross profit		**154**	89
Other income	28	**629**	740
Selling and distribution costs		**(89)**	(72)
General and administrative expenses		**(4,187)**	(3,153)
Finance costs		**(596)**	(485)
Other expense		**(254)**	(386)
Loss before tax from continuing operations	29	**(4,343)**	(3,267)
Taxation	30	**(40)**	(122)
Loss from continuing operations, net of tax		**(4,383)**	(3,389)
Discontinued operation			
Profit/(Loss) from discontinued operation, net of tax	14	**(73,468)**	624
Loss for the year		**(77,851)**	(2,765)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Foreign currency translation, at nil tax		**860**	1,316
Total comprehensive loss for the year		**(76,991)**	(1,449)
(Loss)/profit for the year attributable to:			
Owners of the Company			
– Loss from continuing operations, net of tax		**(4,383)**	(3,389)
– Profit/(loss) from discontinued operation, net of tax		**(61,583)**	624
		(65,966)	(2,765)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(65,144)**	(1,296)
Non-controlling interest		**(11,847)**	(153)
Total comprehensive loss for the year		**(76,991)**	(1,449)
Attributable to owners of the Company			
Total comprehensive income/(loss) for the year from			
– Continuing operations		**(3,814)**	(1,920)
– Discontinued operation		**(61,330)**	624
Total comprehensive loss for the year attributable to owners of the Company		**(65,144)**	(1,296)
Loss per share (cents per share)			
Basic and diluted			
– Continuing and discontinued operations	31	**(6.39)**	(0.27)
– Continuing operations	31	**(0.42)**	(0.33)
– Discontinued operation	31	**(5.97)**	0.06

No. The annexed notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Group	Share capital $'000	Merger reserve $'000	Accumulated losses $'000	Foreign currency translation reserve $'000	Safety fund surplus reserve $'000	Total attributable to owner of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2020, as previously reported	78,283	850	(10,086)	(329)	1,550	70,268	9,463	79,731
Prior year adjustment (Note 38)	–	–	(433)	–	–	(433)	–	(433)
At 1 January 2020, as restated	78,283	850	(10,519)	(329)	1,550	69,835	9,463	79,298
Loss for the year, net of tax	–	–	(2,614)	–	–	(2,614)	(151)	(2,765)
Other comprehensive income								
Foreign currency translation	–	–	–	1,318	–	1,318	(2)	1,316
Total comprehensive income for the year	–	–	(2,614)	1,318	–	(1,296)	(153)	(1,449)
At 31 December 2020, as restated	78,283	850	(13,133)	989	1,550	68,539	9,310	77,849
Loss for the year, net of tax	**–**	**–**	**(65,966)**	**–**	**–**	**(65,966)**	**(11,885)**	**77,851**
Other comprehensive income								
Foreign currency translation	**–**	**–**	**–**	**822**	**–**	**822**	**38**	**860**
Total comprehensive income for the year	**–**	**–**	**(65,966)**	**822**	**–**	**(65,144)**	**(11,847)**	**(76,991)**
At 31 December 2021	**78,283**	**850**	**(79,099)**	**1,811**	**1,550**	**3,395**	**(2,537)**	**858**

No. The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	**Year ended 31 December 2021 $'000**	Year ended 31 December 2020 $'000
Cash Flows from Operating Activities			
(Loss)/profit before tax from			
– Continuing operations		**(4,343)**	(3,267)
– Discontinued operation	14	**(89,851)**	624
Loss before taxation		**(94,194)**	(2,643)
Adjustments for:			
Depreciation of property, plant and equipment	4	**359**	504
Depreciation of right-of-use assets	5	**96**	194
Loss/(gain) on disposal of property, plant and equipment	28, 29	**9**	(8)
Interest expense	29	**596**	485
Impairment loss on right-of-use assets	5	**–**	182
Impairment loss on assets of disposal group	14	**90,066**	–
(Reversal)/impairment loss on other receivables	29	**(24)**	41
Interest income	28	**(2)**	(108)
Gain on disposal of right-of-use assets	28	**–**	(29)
Operating loss before working capital changes		**(3,094)**	(1,382)
Changes in inventories		**91**	(157)
Decrease in trade and other receivables		**(132)**	(1)
Changes in trade and other payables		**496**	712
Cash flows used in operations		**(2,639)**	(828)
Interest received		**2**	108
Tax paid		**(46)**	–
Net cash used in operating activities		**(2,683)**	(720)
Cash Flows from Investing Activities			
Proceeds from disposal of property, plant and equipment		**14**	8
Proceeds from disposal of right-of-use assets		**–**	544
Advance payment from proposed disposal of Phase 2 Factory Assets	4, 15, 22	**4,386**	–
Changes in restricted deposits		**(2)**	(11)
Payments for property, plant and equipment[(B)]		**(10)**	(19)
Net cash generated from investing activities		**4,388**	522
Cash Flows from Financing Activities			
Repayment of bank loans	A	**(6,449)**	(6,200)
Proceeds from bank loans	A	**6,023**	6,198
Changes in pledged deposits		**(34)**	(31)
Payments of principal portion of lease liability	A	**(24)**	(72)
Loan from a controlling shareholder	A	**432**	–
Interest paid		**(467)**	(443)
Loan from a director	A	**775**	713
Net cash generated from financing activities		**256**	165
Net increase/(decrease) in cash and cash equivalents		**1,961**	(75)
Effect of exchange rate changes on cash and cash equivalents		**6**	9
Cash and cash equivalents at beginning of the year		**330**	396
Cash and cash equivalents at end of the year	13	**2,297**	330

Note A: Reconciliation of movements of liabilities to cash flows arising from financing activities, excluding equity item

	As at 1 January 2021 $'000	Additions $'000	Cash flows Proceeds received $'000	Cash flows Principal repayment $'000	Cash flows Interest paid $'000	Non-cash changes Interest expense $'000	Non-cash changes Foreign exchange movement $'000	As at 31 December 2021 $'000
Interest-bearing bank loans	**6,300**	**–**	**6,023**	**(6,449)**	**(460)**	**460**	**337**	**6,211**
Lease liability	**157**	**–**	**–**	**(24)**	**(7)**	**7**	**–**	**133**
Loan due to a director	**913**	**–**	**775**	**–**	**–**	**104**	**–**	**1,792**
Loan due to a controlling shareholder	**–**	**–**	**432**	**–**	**–**	**24**	**–**	**456**
	7,370	**–**	**7,230**	**(6,473)**	**(467)**	**595**	**337**	**8,592**

	As at 1 January 2020 $'000	Additions $'000	Cash flows Proceeds received $'000	Cash flows Principal repayment $'000	Cash flows Interest paid $'000	Non-cash changes Interest expense $'000	Non-cash changes Foreign exchange movement $'000	As at 31 December 2020 $'000
Interest-bearing bank loans	6,004	–	6,198	(6,200)	(436)	436	298	6,300
Lease liability	66	163	–	(72)	(3)	3	–	157
Loan due to a director	200	–	671	–	–	42	–	913
Other interest expense	–	–	–	–	(4)	4	–	–
	6,270	163	6,869	(6,272)	(443)	485	298	7,370

Note B The Group acquired property, plant and equipment at an aggregate cost of $12,000 (2020 – $41,000) and cash payment of $12,000 (2020 – $19,000) were paid during the year

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1 GENERAL INFORMATION

The financial statements of the Group and the Company for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

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

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

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

AsiaPhos Limited and its subsidiaries (collectively, the "Group") operate in Singapore and the People's Republic of China ("PRC").

2(A) BASIS OF PREPARATION

Going concern

The Group incurred a net loss after tax of $77,851,000 and reported net operating cash outflows of $2,683,000 for the financial year ended 31 December 2021. Excluding the assets and liability of the disposal group, the Group's current liabilities exceeded its current assets by $13,284,000 as at 31 December 2021. The Company had net current liability of $4,910,000 as at 31 December 2021. The above factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

In the opinion of the directors, the Group and the Company is able to continue as going concern for the following reasons:

(a) The Group continues to generate cash flows from its downstream chemical segments through trading of chemical products like Sodium Trimetaphosphate ("STMP") and Sodium Hexametaphosphate ("SHMP") and achieve reduction in cash outlays and overheads due to downsized operation;

(b) On 29 November 2021, the Company's subsidiary, Sichuan Mianzhu Norwest Phosphate Co., Ltd entered into a sale and purchase agreement ("SPA") with Sichuan Mianzhu Huaxinfeng Food Co., Ltd (the Purchaser") relating to the proposed disposal of its Phase 2 Factory Assets and the associated land use rights for cash consideration of RMB31.5 million. Pursuant to the SPA, as at 31 December 2021, the Group had received 65% of the sales proceeds of RMB20.48 million (approximately $4,386,000). The Group shall transfer the Phase 2 Factory Assets and the title thereto to the Purchaser upon receipt of the remaining balance of the sales proceeds of RMB11,025,000 anytime, but not later than 29 November 2022. The Board is not aware of any information which may suggest that the transaction will not complete.

2(A) BASIS OF PREPARATION (CONTINUED)

Going concern (Continued)

(c) The Group has received offers for the sale, lease or a joint venture of its P4 plant and is evaluating these proposals. The current high prices for the P4 makes it favourable for agreement to be reached.

(d) Discussions will be carried out by the Group with financial institutions to rollover its existing loans as and when they fall due. As the Group has in the past not defaulted on any of the loans extended to it, barring unforeseen circumstances, the Directors expect that the Group will be able to obtain requisite financing for the Group's operations. The Group renewed bank facilities of $4,400,000 in December 2021 and $2,100,000 in January 2022.

(e) The Group has received undertaking from the controlling shareholders that they will not demand repayment of the loans is looking to continued support from controlling shareholders which have granted loans of $2.2 million to the Company. $1.2 million of the loans was received during the current financial year ended 31 December 2021.

(f) The Company is exploring potential placement of new shares during 2022.

As a result, the consolidated financial statements of the Group and the Company have been prepared on a going concern basis.

If the Group and the Company are unable to continue as a going concern, the Group and the Company may be unable to discharge their liabilities in the normal course of business, and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and may need to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. No such adjustments have been made to the financial statements. No such adjustments have been made to these financial statements.

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") including related Interpretations promulgated by the Accounting Standards Council ("ASC"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 2(d).

The consolidated financial statements have been prepared on the historical cost basis except as otherwise described in the notes below. These financial statements are presented in Singapore Dollar which is the Company's functional currency. All financial information has been presented in Singapore Dollar and rounded to the nearest thousand ($'000), unless otherwise stated.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2(B) ADOPTION OF NEW AND REVISED SFRS(I) EFFECTIVE FOR THE CURRENT FINANCIAL YEAR

On 1 January 2021, the Group and the Company adopted all the new and revised SFRS(I), SFRS(I) interpretations ("SFRS(I) INT") and amendments to SFRS(I), effective for the current financial year that are relevant to them. The adoption of these new and revised SFRS(I) pronouncements does not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods.

Reference	**Description**	**Effective date (Annual periods beginning on or after)**
Amendments to SFRS(I) 16	*COVID-19-Related Rent Concessions*	1 June 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16	*Interest Rate Benchmark Reform – Phase 2*	1 January 2021

2(C) NEW AND REVISED SFRS(I) IN ISSUE BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the Group and the Company have not adopted the new and revised SFRS(I), SFRS(I) INT and amendments to SFRS(I) that have been issued but are not yet effective to them.

Reference	**Description**	**Effective date (Annual periods beginning on or after)**
Amendments to SFRS(I) 16	*COVID-19 Related Rent Concessions beyond 30 June 2021*	1 April 2021
Amendments to SFRS(I) 3	*Reference to the Conceptual Framework*	1 January 2022
Amendments to SFRS(I) 1-16	*Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020:		
– Amendments to SFRS(I) 1	*Subsidiary as a First-time Adopter*	1 January 2022
– Amendments to SFRS(I) 9	*Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*	1 January 2022
– Amendments to SFRS(I) 16	*Lease Incentives*	1 January 2022
– Amendments to SFRS(I) 1-41	*Taxation in Fair Value Measurements*	1 January 2022
Amendments to SFRS(I) 1-1	*Classification of Liabilities as Current or Non- current*	1 January 2023
Amendments to SFRS(I) 17	*Insurance Contract*	1 January 2023
Amendments to SFRS(I) 4	*Extension of the Temporary Exemption from Applying SFRS(I) 9*	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2	*Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS(I) 1-8	*Definition of Accounting Estimates*	1 January 2023
Amendments to SFRS(I) 1-12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendment to SFRS(I) 17	*Initial Application of SFRS(I) 17 and SFRS(I) 9-Comparative Information*	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Yet to be determined

The Group has performed a preliminary assessment and the directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

2(D) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

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

The critical accounting estimates and assumptions used in applying accounting policies and areas involving a high degree of judgement are described below.

Significant judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that have been made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Assets and liabilities of disposal group (Note 14)

Since November 2017, the Group has been in discussions with the Chinese Government on the Mianzhu City Government's request for the Group to provide a letter of undertaking to *inter alia*, vacate and rehabilitate its mining sites in respect of Mine 2 of Sichuan Mianzhu Norwest Phosphate Chemical Co., Ltd ("Sichuan Mianzhu") and the mine of Deyang Fengtai Mining Co., Ltd. ("Fengtai Mine") and the non-renewal of Sichuan Mianzhu's Mine 1 mining and exploration licenses (collectively, the "Mining Assets"). The Group has been advised that the Group's ownership of the Mining Assets was still valid as at 31 December 2017, and the Chinese Government's action was tantamount to an indirect expropriation of these Mining Assets.

SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* requires non-current assets to be classified as held for sale if the carrying amount will be recovered principally through a sale transaction or otherwise rather than continuing use. The carrying value of the Mining Assets is expected to be recovered principally through compensation receivable from the Chinese Government for the expropriation of the Mining Assets.

SFRS(I) 5 also recognises that events and circumstances may extend the period required to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude the disposal group from being classified as held for sale if the delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the disposal group.

As at 31 December 2021, the disposal of Mining Assets has not been completed. As announced on 11 August 2020, the Group's lawyers had submitted a Request for Arbitration to the Chinese Government and the arbitration is in progress. The Group continues to be open to consider any compensation proposal from the Chinese Government.

Accordingly, due to the continuing discussions with the Chinese Government, the directors were of the view that it was appropriate for the Group to continue to present all mining related assets, liabilities and goodwill as "assets of disposal group" and "liabilities of disposal group" respectively on the Group's consolidated balance sheet as at 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2(D) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Significant judgements in applying accounting policies (Continued)

Non-current assets classified as held for sale (Note 15)

Accounting for non-current assets classified as held for sale involves significant management judgements These include, amongst others, the conditions to be met in classifying a non-curret asset as held for sale, and valuation of the assets and presentation in the financial statements.

On 29 November 2021, the Company's subsidiary, Sichuan Mianzhu Norwest Phosphate Co., Ltd entered into a sale and purchase agreement ("SPA") with Sichuan Mianzhu Huaxinfeng Food Co., Ltd relating to the proposed disposal of its proposed disposal of its Sodium Tripolyphosphate plant ("STPP") (referred hereinafter as Phase 2 Factory Assets") and the associated land use rights for cash consideration of RMB31,599,999.

Pursuant to the SPA, as at 31 December 2021, the Group had received 65% of the sales proceeds of RMB20.48 million (approximately $4,386,000) which was presented as advance payment within trade and other payables (Note 21). The Group shall transfer the Phase 2 Factory Assets and the title thereto to the Purchaser upon receipt of the remaining balance of the sales proceeds of RMB11,025,000 anytime, but not later than 29 November 2022.

Management expects completion of disposal of the Phase 2 Factory Assets within one year from the initial date of classification.

Income tax

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Determination of the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it.

The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects the assessment, and that is within the control of the lessee. For leases of office premises, the Group considers factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

2(D) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Depreciation of property, plant and equipment and right-of-use assets (Notes 4 and 5)

As described in Note 2(e), the Group reviews the estimated useful lives of property, plant and equipment and right-of-use assets at the end of each annual reporting period. Changes in the expected level and future usage can impact the economic useful lives of these assets with consequential impact on the future depreciation charge. If depreciation on the Group's property, plant and equipment increases/decreases by 10% from management's estimates, the Group's loss for the year will increase/decrease by $36,000 (2020 – $50,000). If depreciation on the Group's right-of-use assets increases/decreases by 10% from management's estimates, the Group's loss for the year will increase/decrease y $10,000 (2020 – $19,000). The carrying amounts of property, plant and equipment and right-of-use assets are disclosed in Notes 4 and 5, respectively.

Impairment of property, plant and equipment and right-of-use assets (Notes 4 and 5)

Plant and equipment and right-of-use assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its value-in-use and fair value less costs to sell. When value in use calculation is undertaken, management estimates the expected future cash flows from the asset or cash-generating unit by applying a suitable discount rate to calculate the present value of those cash flows. When fair value less costs to sell is used, management uses the value estimated by professional valuers to determine the fair values using valuation techniques which involve the use of estimates and assumptions which are reflective of current market conditions.

The carrying amount of the Group's property, plant and equipment and right-of-use assets are disclosed in Notes 4 and 5, respectively.

Impairment of assets of disposal group

Assets of disposal group includes all mining related property, plant and equipment, mine properties, goodwill and deposits for mining levy.

As at 31 December 2021, the directors reassessed the Group's position in the investment dispute with the Chinese Government. It looks increasingly unlikely that the Chinese Government will settle the dispute amicably. Any compensation is subject to the outcome in the ongoing international arbitration and the final award by the Arbitral Tribunal. Accordingly, the Group recorded an impairment loss on the book value of $90 million on the Mining Assets that was presented as "Assets of disposal group", and reversed the related deferred tax liabilities of $16.38 million (Note 14) from "Liabilities of disposal group".

Impairment of investment in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimation of the value-in-use of the investments. The value-in-use calculation requires the Company to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows.

Management has evaluated the recoverability of the investment based on such estimates. If the carrying value decreases by 10% (2020 – 10%) from management's estimates, the Company's allowance for impairment of investments in subsidiaries will increase by $946,900 (2020 – $4,544,900). The carrying amount of the Company's cost of investments in subsidiaries is disclosed in Note 8 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2(D) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Allowance for expected credit losses of trade and other receivables

The Group uses a provision matrix to calculate ECLs for trade and other receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust historical credit loss experience with forward-looking information. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and forecast economic conditions.

Allowance for inventories

The Group estimates the write down in inventories based on the ages of the inventories, prevailing market conditions, anticipated selling prices of the inventories and historical experiences. Possible changes in these estimates could result in revisions to the valuation of inventory.

The carrying amounts of the Group's and the Company's inventory are disclosed in Note 10 to the financial statements.

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

(i) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and investees (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company or its subsidiary:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company or its subsidiary reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company or its subsidiary has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company or its subsidiary considers all relevant facts and circumstances in assessing whether or not the Company's or its subsidiary's voting rights in an investee are sufficient to give it power, including:

- size of the Company's or its subsidiary's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company or its subsidiary, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances which indicate that the Company or its subsidiary has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation (Continued)

(i) Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Company or its subsidiary obtains control over the subsidiary or investee and ceases when the Company or its subsidiary loses control of the subsidiary or investee. Specifically, income and expenses of a subsidiary or an investee acquired or disposed during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company or its subsidiary gains control until the date when the Company or its subsidiary ceases to control the subsidiary or investee.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries and investees are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance when necessary, adjustments are made to the financial statements of subsidiaries or investees to bring their accounting policies in line with the Group's accounting policies.

(ii) Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary, and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate.

Investment in subsidiaries

Subsidiaries are entities controlled by the Company. In the Company's separate statement of financial position, subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date on which the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 Income Taxes and SFRS(I) 1-19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 Share-based Payment at the acquisition date; and
- disposal groups that are classified as held for sale in accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, or an associate, the attributable amount of goodwill is included in the determination of the gain or loss on disposal of the entity or the relevant cash generating unit.

Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are written off where, in the opinion of the directors, no further future economic benefits are expected to arise.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Amortisation of intangible assets is computed on a straight-line basis over the estimated useful life of 3 years.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Intangible asset represents the registration costs of a license to export to countries in the European Union.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than construction-in-progress ("CIP") are measured at cost less accumulated depreciation and any accumulated impairment losses. CIP is stated at cost less any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred to bring the asset to a working condition for its intended use. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. CIP comprises the costs of materials and labour, capitalised borrowing costs and costs directly attributable to bringing the assets to a working condition for their intended use. Costs incurred in testing the assets to determine if they are functioning as intended are capitalised, after deducting any proceeds received from selling the products produced while testing. Where these proceeds exceed the cost of testing, any excess is recognised in the profit or loss. CIP is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

The depreciation method used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed. Depreciation of the property, plant and equipment are as follows:

Leasehold buildings	20 years
Leasehold improvements, and motor vehicles and office equipment	3 to 10 years

Plant and machinery are depreciated using the unit-of-production ("UOP") method to depreciate the cost of the assets in proportion to the production of downstream products and extraction of the mineral resources. CIP are not depreciated as these assets are not yet available for use.

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of plant and equipment.

Subsequent expenditure relating to plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(a) Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate specific to the lessee.

The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantee;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group recognise those lease payments in the statement of comprehensive income in the periods that trigger those lease payments.

For all contracts that contain both lease and non-lease components, the Group has elected to not separate lease and non-lease components and account these as one single lease component.

The lease liabilities are presented as a separate line item in the statement of financial position. The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

NOTES TO THE **FINANCIAL STATEMENTS**

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2(E) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

Leases (Continued)

The Group as a lessee (Continued)

(a) Lease liability (Continued)

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to the statement of comprehensive income if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

(b) Right-of-use asset

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Land use rights:	Over the lease period
Office premises:	Over the lease period

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Group as a lessee (Continued)

(b) Right-of-use asset (Continued)

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line item in the consolidated statement of financial position. The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

The Group as a lessor

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16, except for the classification of the sublease entered into that resulted in a finance lease classification.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term within "revenue" in profit or loss. Rental income from subleased property is recognised within "other income" in profit or loss.

Any change in the scope or the consideration for a lease that is not part of the original terms and conditions of the lease is accounted for as lease modification:

- For operating leases: The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, recognising the remaining lease payments as income on either straight-line basis or another systematic basis over the remaining lease term.

- For finance leases: The Group applies the derecognition requirements under SFRS(I) 9 to recognise the modification or derecognition gain or loss on the net investment in the finance lease.

NOTES TO THE FINANCIAL STATEMENTS

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2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

The carrying amounts of the Group's and Company's non-financial assets, except inventories, subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units"). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decrease.

- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

- A reversal of an impairment loss on a revalued asset is credited directly to equity. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or end of the reporting period.

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the entity becomes party to the contractual provisions of the instruments.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of financial assets that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs. Financial assets are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party if the financial assets do not contain a significant financing component at initial recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest" (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Initial recognition and measurement

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchase or sales of financial assets that required delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

– Financial assets at amortised cost (debt instruments)

– Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

– Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

– Financial assets at fair value through profit or loss

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

(a) Financial assets (Continued)

Financial assets at amortised cost (debt instruments)

Subsequent measurement of debt instruments depends on the Group's business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding on the asset.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

The Group's financial assets at amortised cost include trade and other receivables, excluding prepayments.

Fair value through other comprehensive income (debt instruments)

Financial assets that are held for collection of contractual of cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

The Group and the Company do not have any investments in fair value through other comprehensive income (debt instruments).

Financial assets designated at fair value through OCI (equity instruments)

On initial recognition of an equity instruments that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. The classification is determined on an instrument-by-instrument basis. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established.

Changes in fair value of financial assets at fair value through profit or loss are recognised in profit or loss. Changes in fair value of financial assets at FVOCI are recognised in OCI are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group and the Company do not hold any financial assets designated at fair value through OCI (equity instruments).

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

(a) Financial assets (Continued)

Financial assets at fair value through profit and loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss statement in the period in which it arises. Interest income from these financial assets is included in the finance income.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Group and the Company do not hold any financial assets at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

– The rights to receive cash flows from the asset have expired or

– The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2(E) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

Financial instruments (Continued)

(a) Financial assets (Continued)

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-months ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables, the Group measures the loss allowance at an amount equal to the lifetime expected credit losses as at the reporting date, the credit risk has not increased significantly since initial recognition. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The internal credit ratings have been mapped to external credit ratings determined by credit rating agencies such as Moody's and Fitch, so as to determine the appropriate expected credit loss rates.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

<u>Credit-impaired financial assets</u>

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

(a) Financial assets (Continued)

Impairment of financial assets (Continued)

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery (e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings). Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised initially at fair value less directly attributable transaction costs. The financial liabilities comprise borrowings, lease liabilities, obligations under finance lease and trade and other payables, excluding deferred income and contract liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SFRS(I) 9. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss when changes arise.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in SFRS (I) 9 are satisfied.

The Group and the Company do not have financial liabilities at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

(b) Financial liabilities (Continued)

Financial liabilities that are not carried at fair value through profit or loss

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Borrowings which are due to be settled within 12 months after the end of the reporting period are included in current borrowings in the statement of financial position even though the original terms were for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period. Borrowings to be settled within the Group's operating cycle are classified as current. Other borrowings due to be settled more than twelve months after the end of the reporting period are included in non-current borrowings in the statement of financial position.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets and disposal groups classified as held for disposal are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for disposal if their carrying amounts will be recovered principally through disposal, by sale or otherwise, rather than through continuing use. Property, plant and equipment and intangible assets once classified as held for disposal are not depreciated or amortised.

Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the asset (or disposal group).

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for disposal have been met or it has been disposed of and such component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised.

Deferred capital grants are recognised in the statement of comprehensive income over the periods necessary to match the depreciation of the assets with the related grants. On disposal of the property, plant and equipment, the balance of the related grants is recognised in the statement of comprehensive income to match the net book value of property, plant and equipment written off.

Contract liabilities

Where the amounts received or receivable from customers exceed the revenues recognised for contracts, contract liabilities are recognised in the statement of financial position. Contract assets arise from the Group's principal activities in sale of development properties and construction of industrial assets. Contract liabilities are recognised as revenues when services are provided to customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed as at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to balance sheet date.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Company. Directors and certain senior managerial personnel are considered key management personnel.

Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. The Group determines and presents operating segments based on information that is provided internally to the Chief Executive Officer, who is the Group's chief operating decision maker. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer to make decision about resources to be allocated to the segments and assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good and service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sale of goods

Revenue is recognised when the goods are delivered to or collected by customers and all criteria for acceptance have been satisfied. The amount of revenue recognised is based on the contractual price.

(b) Interest income

Interest income is recognised using the effective interest method.

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in Singapore dollar, which is also the functional currency of the Company.

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions.

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing exchange rates at the end of the reporting period;
- Income and expenses for each statement presenting profit and loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the accumulated exchange differences in respect of that foreign operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

3 REVENUE

Revenue from continuing operations represents invoiced trading sales of phosphate chemical products and is shown net of taxes.

	2021		2020	
The Group	**At a point in time $'000**	**Total $'000**	At a point in time $'000	Total $'000
Sale of goods, recognised at a point in time	**1,273**	**1,273**	846	846
	1,273	**1,273**	846	846

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4 PROPERTY, PLANT AND EQUIPMENT

The Group	Buildings $'000	Leasehold improvements $'000	Plant and machinery $'000	Motor vehicles and office equipment $'000	Construction-in-progress $'000	Total $'000
Cost						
At 1 January 2020	9,712	373	20,957	935	106	32,083
Additions	–	41	–	–	–	41
Disposals	–	–	–	(23)	–	(23)
Currency realignment	482	6	1,175	27	5	1,695
At 31 December 2020	**10,194**	**420**	**22,132**	**939**	**111**	**33,796**
Additions	–	–	–	12	–	12
Disposals	–	–	–	(42)	–	(42)
Transfer to assets of disposal group (Note 14)	(2,684)	–	(8,371)	(89)	–	(11,144)
Currency realignment	568	7	1,380	30	6	1,991
At 31 December 2021	**8,078**	**427**	**15,141**	**850**	**117**	**24,613**
Accumulated depreciation and impairment loss						
At 1 January 2020	4,886	354	12,397	839	106	18,582
Depreciation for the year	421	21	38	24	–	504
Disposals	–	–	–	(23)	–	(23)
Currency realignment	251	6	719	24	5	1,005
At 31 December 2020	**5,558**	**381**	**13,154**	**864**	**111**	**20,068**
Depreciation for the year	316	6	31	6	–	359
Disposals	–	–	–	(19)	–	(19)
Transfer to assets of disposal group (Note 14)	(766)	–	(6,505)	(81)	–	(7,352)
Currency realignment	319	7	848	24	6	1,204
At 31 December 2021	**5,427**	**394**	**7,528**	**794**	**117**	**14,260**
Net carrying amount						
At 31 December 2021	**2,651**	**33**	**7,613**	**56**	**–**	**10,353**
At 31 December 2020	4,636	39	8,978	75	–	13,728

The Group	**2021 $'000**	2020 $'000
Net carrying amount		
Elemental phosphorus ("P4") plant.	**10,310**	9,992
Sodium Tripolyphosphate plant ("STPP")	**–**	3,695
Others	**43**	41
At 31 December 2021	**10,353**	13,728

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment testing

Elemental phosphorus ("P4") plant

2020 and 2021

The Group stopped the production of the elemental phosphorus ("P4") in the second quarter of 2018 to carry out maintenance work on the P4 plant and this was completed in the third quarter of 2018. As at 31 December 2021 production has not resumed as a result of the Chinese government's actions which deprive the Group of access to phosphate rocks, which is a key raw material, for cost efficient production of P4.

In the current and previous financial year, the Group made an assessment of the recoverable amount of the P4 plant based on valuation reports prepared by an independent Chinese professional valuer engaged by one of the Group's bankers, Bohai Bank to determine the value of certain parts of the P4 plant, including the associated land use rights, which were used to secure the Group's loan with the bank. Due to the specialised nature of the plant and lack of comparable recent transactions, the Chinese professional valuer used depreciated replacement cost method to arrive at the valuation. The Group is in discussion with several parties who are interested in acquiring the P4 Plant.

Sodium Tripolyphosphate plant ("STPP")

2020

The Group engaged an independent Chinese professional valuer to assess the value of the STPP plant comprising property, plant and equipment and land use rights as at 31 July 2020 for asset disposal reference purposes. Management was of the view that this valuation supported the recoverable amount of the STPP plant assets.

2021

On 29 November 2021, the Company's subsidiary, Sichuan Mianzhu Norwest Phosphate Co., Ltd entered into a sale and purchase agreement ("SPA") with Sichuan Mianzhu Huaxinfeng Food Co., Ltd (the Purchaser") relating to the proposed disposal of its Sodium Tripolyphosphate plant ("STPP") (referred hereinafter as Phase 2 Factory Assets") and the associated land use rights for cash consideration of RMB31.5 million.

Accordingly, the carrying value of entire Phase 2 Factory Assets comprising property, plant and equipment and land use rights of $3,792,000 (RMB17,703,000) and $2,684,000 (RMB12,530,000) (Note 5), respectively, were reclassified from "Property, plant and equipment" and "Right-of-use assets" to "Non-current assets classified as held for sale " (Note 15) in the balance sheet.

Pursuant to the SPA, as at 31 December 2021, the Group had received 65% of the sales proceeds of RMB20.48 million (approximately $4,386,000) which was presented as advance payment within trade and other payables (Note 21). The Group shall transfer the Phase 2 Factory Assets and the title thereto to the Purchaser upon receipt of the remaining balance of the sales proceeds of RMB11,025,000 anytime, but not later than 29 November 2022.

Assets pledged as security

At 31 December 2021, property, plant and equipment of the Group with a carrying amount of $7,520,000 (RMB35,110,000) [2020 – $10,395,000 (RMB51,234,000)] are pledged to secure the interest-bearing bank loans (Note 24).

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5 RIGHT-OF-USE ASSETS

The Group	**Land use rights $'000**	**Office premises $'000**	**Total $'000**
Cost			
At 1 January 2020	4,997	191	5,188
Additions	–	190	190
Disposals	(529)	–	(529)
Currency realignment	241	–	241
At 31 December 2020	4,709	381	5,090
Transfer to assets of disposal group (Note 14)	(3,119)	–	(3,119)
Currency realignment	262	–	262
At 31 December 2021	**1,852**	**381**	**2,233**
Accumulated depreciation and impairment losses			
At 1 January 2020	558	111	669
Depreciation	106	88	194
Disposal	(24)	–	(24)
Impairment loss	–	182	182
Currency realignment	29	–	29
At 31 December 2020	669	381	1,050
Depreciation	96	–	96
Transfer to assets of disposal group (Note 14)	(435)	–	(435)
Currency realignment	41	–	41
At 31 December 2021	**371**	**381**	**752**
Net carrying amount			
At 31 December 2021	**1,481**	**–**	**1,481**
At 31 December 2020	4,040	–	4,040

Land use rights represented cost of land use rights in respect of one plot of land located in Sichuan Province, PRC. A PRC subsidiary obtained land use rights in Mianzhu City, Sichuan Province, PRC, with licensed tenure of approximately 50 years when obtained in December 2011 and February 2015.

As at 31 December 2021, land use rights relate to the Elemental phosphorus ("P4") plant.

As at 31 December 2020, land use rights were attributable to the Elemental phosphorus ("P4") plant and Sodium Tripolyphosphate plant ("STPP") with carrying amount of $1,438,000 (RMB7,093,000) and $2,602,000 (RMB12,817,0000), respectively.

An impairment loss of $182,000 was recognised on the right-of-use asset relating to leased office premises for the year ended 31 December 2020.

Assets pledged as security

As at 31 December 2021, right-of-use assets with carrying value of $1,481,000 (RMB6,917,000)related to the Elemental phosphorus ("P4") plant was pledged to secure the interest-bearing bank loans (Note 24).

6 LAND USE RIGHTS

The Group	**$'000**
Cost	
At 1 January 2019	4,636
Reclassified to right-of-use asset (Note 5)	(4,636)
At 31 December 2019, 31 December 2020 and **31 December 2021**	–
Accumulated amortisation	
At 1 January 2019	473
Reclassified to right-of-use asset (Note 5)	(473)
At 31 December 2019 and 31 December 2020 and **31 December 2021**	–
Net carrying amount	
At 31 December 2019 and 31 December 2020 and **31 December 2021**	–

With the adoption of SFRS(I) 16 *Leases* on 1 January 2019, the land use right was reclassified to right-of-use asset (Note 5).

7 INTANGIBLE ASSETS

The Group	**$'000**
Cost	
At 1 January 2020	151
Exchange differences on translation	8
At 31 December 2020	159
Exchange differences on translation	2
At 31 December 2021	**161**
Accumulated amortisation	
At 1 January 2020	151
Exchange differences on translation	8
At 31 December 2020	159
Exchange differences on translation	2
At 31 December 2021	**161**
Net carrying amount	
At 31 December 2020 and at **31 December 2021**	–

Intangible asset represents the registration costs of a license to export to countries in the European Union.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

8 INVESTMENT IN SUBSIDIARIES

The Company	**2021 $'000**	2020 $'000
Unquoted shares, at cost:		
At 1 January	**45,449**	45,449
Additions	**–**	–
At 31 December	**45,449**	45,449
Less: Accumulated impairment		
At 1 January	**–**	–
Impairment loss*	**36,049**	–
At 31 December	**36,049**	–
Carrying amount	**9,400**	45,449

* In 2021, the Company assessed the carrying amounts of its investments in subsidiaries for impairment. Based on this assessment, the Company recognised an impairment loss of $36,049,000 (2020: Nil) for its subsidiaries. The recoverable amounts of these investments are determined based on the adjusted net assets of the subsidiaries, which are based on the directors' estimate of the realisable values of the P4 and STPP plant and land use rights taking into account the agreement signed for the STPP plant, the expression of interest for the P4 plant and adjustments in respect of legal fees and deferred income.

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation/ principal place of business	Percentage of equity held by the Company **2021** %	2020 %	Principal activities
Held by the Company				
Norwest Chemicals Pte Ltd#	Singapore	**100**	100	Investing in chemical projects, general wholesale trade and trading of chemicals
Held through Norwest Chemicals Pte Ltd				
Sichuan Mianzhu Norwest Phosphate Chemical Co., Ltd+	People's Republic of China	**100**	100	Exploration, mining and sale of phosphate rocks, the production and sale of phosphorus and phosphate based chemical products
XDL Resources Pte. Ltd.#	Singapore	**100**	100	Investment holding
Held through XDL Resources Pte. Ltd.				
Deyang City Xianrong Technical Consulting Co., Ltd.^	People's Republic of China	**100**	100	Mining activities, internet technology consulting services, and wholesale of mineral products; and transportation services
Held through Deyang City Xianrong Technical Consulting Co., Ltd.				
Deyang Fengtai Mining Co., Ltd.+	People's Republic of China	**55**	55	Sale of mineral products

\# Audited by Foo Kon Tan LLP

\+ Audited by Sichuan Zhongfa CPA Co., Ltd., a member firm of HLB international

^ Audited by Foo Kon Tan LLP for consolidation purposes

8 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Subsidiaries struck off

During the previous financial year ended 31 December 2020, the Group consolidated LY Resources Pte. Ltd. and AsiaPhos Resources Pte. Ltd. until the date they were struck off and ceased to be subsidiaries of the Company.

Interest in a subsidiary with material non-controlling interest

The Group has elected to measure the non-controlling interest at the non-controlling interest's proportional share of Deyang Fengtai' Mining Co., Ltd.'s net identifiable assets.

The Group has a subsidiary that has non-controlling interest that is material to the Group:

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit/(loss) allocated to non-controlling interest during the period $'000	Accumulated non-controlling interest at the end of the reporting period $'000	Dividends paid to non-controlling interest $'000
At 31 December 2021					
Deyang Fengtai Mining Co., Ltd.	**People's Republic of China**	**45%**	**(11,847)**	**(2,537)**	**–**
At 31 December 2020					
Deyang Fengtai Mining Co., Ltd.	People's Republic of China	45%	(153)	9,310	–

Summarised financial information of a subsidiary with material non-controlling interest

Summarised financial information Deyang Fengtai Mining Co., Ltd. n including goodwill on acquisition but before eliminations of intercompany balances are as follows:

Summarised balance sheet

	2021 $'000	2020 $'000
Current assets	**1,111**	1,098
Non-current assets	**–**	33,208
Current liabilities	**(1,604)**	(1,390)
Non-current liabilities	**–**	(6,995)
Net assets	**(493)**	25,921

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8 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Summarised financial information of a subsidiary with material non-controlling interest (Continued)

Summarised statement of comprehensive income

	2021	2020
	$'000	$'000
Loss before taxation	**(26,411)**	(64)
Loss after taxation representing total comprehensive loss for the year	**(26,411)**	(64)
Other summarised information		
Net cash flows from operating activities	**(538)**	(64)
Net cash flow from investing activities	**–**	–
Net cash flows from financing activities	**–**	66

9 OTHER RECEIVABLES AND PREPAYMENTS

	The Group			**The Company**		
	31 December 2021	31 December 2020	1 January 2020	**31 December 2021**	31 December 2020	1 January 2020
	$'000	$'000	$'000	**$'000**	$'000	$'000
Non-current						
Deposits	**8**	–	–	**–**	–	–
	8	–	–	**–**	–	–
Current						
Miscellaneous prepayments	**344**	72	130	**53**	32	30
Other receivables	**154**	53	23	**117**	–	10
	498	125	153	**170**	32	40

Other receivables are denominated in the functional currencies of the respective entities at the end of the reporting period.

Other receivables that were impaired at the end of the reporting period and the movement of the allowance account used to record the impairment are as follows:

	The Group			**The Company**		
	31 December 2021	31 December 2020	1 January 2020	**31 December 2021**	31 December 2020	1 January 2020
	$'000	$'000	$'000	**$'000**	$'000	$'000
Other receivables	**592**	527	477	**–**	–	–
Impairment loss	**(450)**	(474)	(454)	**–**	–	–
	142	53	23	**–**	–	–

9 OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

Movements in impairment loss on other receivables:

	The Group			The Company		
	31 December 2021	31 December 2020	1 January 2020	**31 December 2021**	31 December 2020	1 January 2020
Balance at beginning of year	**474**	454	70	**–**	–	–
Charge for the year						
– Continuing operations	**–**	41	433	**–**	–	–
– Discontinued operation	**–**	–	21	**–**	–	–
Amount reversed	**(24)**	–	–	**–**	–	–
Amount utilised	**–**	(21)	(70)	**–**	–	–
Balance at end of year	**450**	474	454	**–**	–	–

Other receivables are unsecured, interest-free and repayable on demand.

10 INVENTORIES

The Group	**2021 $'000**	2020 $'000
Raw materials and packaging, at cost or net realisable value	**118**	35
Finished goods, at cost or net realisable value	**35**	198
	153	233
Consolidated statement of comprehensive income		
Stocks recognised as an expense in cost of sales		
– Continuing operations	**1,119**	757
– Discontinued operation	**85**	–
Stocks recognised as an expense in continuing operation		
– Inventories (written back)/written down	**–**	(39)

11 TRADE RECEIVABLES

The Group	**2021 $'000**	2020 $'000
Trade receivables	**85**	104
Less: impairment loss	**(84)**	(81)
	1	23

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

11 TRADE RECEIVABLES (CONTINUED)

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

Trade receivables are denominated in the functional currencies of the respective entities as at the end of the reporting period.

The movement in allowance for impairment of trade receivables are as follows:

The Group	**2021 $'000**	2020 $'000
At beginning of year	**81**	683
Reversal of impairment loss – Discontinued operation	**–**	(624)
Currency realignment	**3**	22
At end of year	**84**	81

12 AMOUNTS DUE FROM SUBSIDIARIES

The Company	**2021 $'000**	2020 $'000
Amounts due from subsidiaries		
– Advances	**475**	298
– Non-trade	**42**	42
	517	340

Amounts due from subsidiaries are unsecured, interest-free, repayable on demand and are to be settled in cash.

13 CASH AND BANK BALANCES

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Cash and bank balances	**2,297**	330	**413**	31
Fixed deposits	**579**	518	**–**	–
	2,876	848	**413**	31

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Cash and bank balances	2,876	848	413	31
Less: Pledged deposit for bank loan	(352)	(303)	–	–
Less: Restricted deposits	(227)	(215)	–	–
Cash and cash equivalents	2,297	330	413	31

Pledged deposit relates to balance in a bank account which can only be used for payment of interest on a bank loan (Note 24).

In 2019, the PRC government refunded deposits in respect of Group's rehabilitation obligations for its mines and requires the amounts to be held in specific bank accounts. The use of these deposits is restricted until the completion of the rehabilitation of mines.

Cash and bank balances denominated in foreign currencies of the respective entities at 31 December are as follows:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
United States Dollar ("USD")	122	180	9	1
Euro	1	1	1	1
Chinese Renminbi	2,296	635	–	–
Singapore dollar	457	32	403	29
	2,876	848	413	31

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

14 DISCONTINUED OPERATION AND DISPOSAL GROUP

The Group	**31 December 2021 $'000**	31 December 2020 $'000	1 January 2020 $'000
			(Re-stated)
Assets of disposal group:			
Mining Assets			
Mine properties	–	65,258	65,232
Mining related property, plant and equipment	–	12,228	11,676
Goodwill	–	12,249	12,249
Deposits for rehabilitation and mining levy	–	40	39
		89,775	89,196
Liabilities of disposal group:			
Mining Assets			
Deferred tax liabilities	–	(16,383)	(16,383)
Provision for rehabilitation	**(852)**	(807)	(769)
	(852)	(17,190)	(17,152)
Net assets of disposal group	**(852)**	72,585	72,044
Movements in deferred tax liabilities:			
At beginning of the year	**16,383**	16,383	16,383
Reversed to profit and loss upon impairment of Mining Assets (Note 30)	**(16,383)**	–	–
At end of the year	–	16,383	16,383

Mining Assets

Since November 2017, the Group has been in discussions with the Chinese Government on the Mianzhu City Government's request for the Group to provide a letter of undertaking to *inter alia*, vacate and rehabilitate its mining sites in respect of Mine 2 of Sichuan Mianzhu Norwest Phosphate Chemical Co., Ltd ("Sichuan Mianzhu") and the mine of Deyang Fengtai Mining Co., Ltd. ("Fengtai Mine") and the non-renewal of Sichuan Mianzhu's Mine 1 mining and exploration licenses (collectively, the "Mining Assets"). The Group has been advised that the Group's ownership of the Mining Assets was still valid as at 31 December 2017 and the Chinese Government's action was tantamount to an indirect expropriation of these Mining Assets.

SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* requires non-current assets to be classified as held for sale if the carrying amount will be recovered principally through a sale transaction or otherwise rather than continuing use. The carrying value of the Mining Assets is expected to be recovered principally through compensation receivable from the Chinese Government for the expropriation of the Mining Assets.

The Group adopted the principles set out in SFRS(I) 5 in its accounting treatment of the Mining Assets as an expropriation is in substance and effect, a compulsory acquisition of the Mining Assets carried out by the Chinese Government. All mining related property, plant and equipment, mine properties, goodwill, deposits for mining levy have been reclassified as "assets of disposal group" in current assets on the consolidated balance sheet since 30 November 2017. Provision for rehabilitation was reclassified as "liabilities of disposal group" in current liabilities on the consolidated balance sheet since 30 November 2017 as the provision is directly associated with the disposal group and the directors are of the view that the cost of rehabilitation will be deducted from the settlement proceeds. Since 30 November 2017, the results from mining operations are presented separately as "Discontinued operation" on the Group's consolidated income statement.

14 DISCONTINUED OPERATION AND DISPOSAL GROUP (CONTINUED)

SFRS(I) 5 also recognises that events and circumstances may extend the period required to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude the disposal group from being classified as held for sale if the delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the disposal group.

As at 31 December 2021, the disposal of Mining Assets has not been completed. As announced on 11 August 2020, the Group's lawyers had submitted a Request for Arbitration to the Chinese Government and arbitration is in progress. The Group continues to be open to consider any compensation proposal from the Chinese Government.

Accordingly, due to the continuing discussions with the Chinese Government, the directors were of the view that it was appropriate for the Group to continue to present all mining related assets, liabilities and goodwill as "assets of disposal group" and "liabilities of disposal group" respectively on the Group's consolidated balance sheet as at 31 December 2021.

The directors were of the view that the fair value less costs of disposal of the Mining Assets was higher than their carrying amounts as at 31 December 2020 based on a valuation carried out in November 2017.

As at 31 December 2021, the Board reassessed the Group's position in the investment dispute with the Chinese Government. At present it looks unlikely that the Chinese Government will settle the dispute amicably. Any compensation is subject to the outcome in the ongoing arbitration and the final award by the Arbitral Tribunal. Accordingly, the Group recognised an impairment loss on the book value of $90 million on the Mining Assets presented within "assets of disposal group", and reversed deferred tax liabilities of $16.38 million from "liabilities of disposal group" to "Tax credit" in "Profit/(Loss) from discontinued operation, net of tax".

Income statement disclosures:

The results of discontinued operation related to the Mining Assets for the years ended 31 December 2021 and 2020 are as follows:

The Group	**2021 $'000**	2020 $'000
Revenue	**301**	–
Cost of sales	**(86)**	–
Gross profit	**215**	–
Other expenses – Impairment loss on Mining Assets	**(90,066)**	–
Other income – write-back of allowance for doubtful debts	**–**	624
Profit/Loss before tax from discontinued operation	**(89,851)**	624
Tax credit (Note 30)	**16,383**	–
Profit/Loss from discontinued operation, net of tax	**(73,468)**	624

Tax credit of $16,383,000 for the year ended 31 December 2021 pertains to reversal of deferred tax liabilities of $16.3 million relating to the Mining Assets from "liabilities of disposal group"

Cash flow statement disclosures:

The cash flows attributable to discontinued operation are as follows:

The Group	**2021 $'000**	2020 $'000
Net cash (used in)/generated from operating activities	**(215)**	624

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15 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

The Group	**2021 $'000**	2020 $'000
Right-of-use asset (land use rights)	**2,684**	–
Property, plant and equipment	**3,792**	–
	6,476	–

On 29 November 2021, the Company's subsidiary, Sichuan Mianzhu Norwest Phosphate Co., Ltd entered into a sale and purchase agreement ("SPA") with Sichuan Mianzhu Huaxinfeng Food Co., Ltd relating to the proposed disposal of its proposed disposal of its Sodium Tripolyphosphate plant ("STPP") (referred hereinafter as Phase 2 Factory Assets") and the associated land use rights for cash consideration of RMB31,599,999. The land use right, measuring approximately 92,425 square metres with a 50-year tenure with effect from January 2015, is located at Xiangliu Village, Gongxing Town, Mianzhu City, Sichuan Province, PRC. Arising therefrom, Phase 2 Factory Assets, comprising factory and office buildings, plant and equipment and land use rights were transferred from property, plant and equipment and right-of-use asset (land use rights) to "non-current assets classified as held for sale" and presented separately in the balance sheet. Phase 2 Factory Assets is leased to unrelated party for a period of 3 years with effect from 18 April 2019.

As at 31 December 2021, right-of-use assets with carrying value of $2,684,000 (RMB12,535,000) related to the Elemental phosphorus ("P4") plant was pledged to secure the interest-bearing bank loans (Note 24).

Further details are set out in Note 4.

16 SHARE CAPITAL

The Company	**31 December 2021**	31 December 2020	**31 December 2021**	31 December 2020
	No. of ordinary shares		**$'000**	$'000
	'000	'000		
Ordinary shares issued and fully paid, with no par value:				
Balance at beginning and at end of year	**1,031,525**	1,031,525	**78,283**	78,283

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

17 RESERVES

	The Group			The Company	
	31 December 2021 $'000	31 December 2020 $'000	1 January 2020 $'000	**2021 $'000**	2020 $'000
Retained earnings	**(79,099)**	(13,133)	(10,519)	**(73,793)**	(36,892)
Foreign currency translation reserve	**1,811**	989	(329)	**–**	–
Merger reserve	**850**	850	850	**–**	–
Safety fund surplus reserve	**1,550**	1,550	1,550	**–**	–
	(74,888)	(9,744)	(8,448)	**(73,793)**	(36,892)

(a) Foreign currency translation reserve

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Company's presentation currency.

(b) Merger reserve

Merger reserve arose from the restructuring exercise involving entities under common control which took place in 2013 and represented the difference between the consideration paid and the equity acquired under the pooling of interest method. All assets and liabilities acquired by the Group were recorded at their carrying values at the date of acquisition.

(c) Safety fund surplus reserve

In accordance with the Notice regarding Safety Production Expenditure jointly issued by the Ministry of Finance and the State Administration of Work Safety of the PRC in February 2012, a PRC subsidiary is required to make appropriation to a Safety Fund Surplus Reserve based on the volume of mineral ore extracted and revenue of elemental phosphorus sold in the previous financial year. The reserve can only be transferred to retained earnings to offset safety related expenses as and when incurred, including expenses related to safety production facilities and equipment improvement and maintenance as well as safety production inspection, appraisal, consultation and training.

18 DEFERRED INCOME

The Group	**2021 $'000**	2020 $'000
At beginning of year	**1,975**	1,882
Currency realignment	**110**	93
At end of year	**2,085**	1,975

Deferred income represented government grants received in relation to certain plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

19 DEFERRED TAX LIABILITIES

The following are the deferred tax liabilities recognised and movements thereon during the years ended 31 December:

The Group	31 December 2021 $'000	31 December 2020 $'000	1 January 2020 $'000
			(Re-stated)
At beginning of the year, as previously reported	**17,405**	17,245	17,287
Prior year reclassification – transfer to liabilities of disposal group (Note 14) (Note 38)	**(16,383)**	(16,383)	(16,383)
At beginning of the year, as restated	**1,022**	862	904
Charge/(Credit) to profit or loss	**40**	123	(16)
Currency realignment	**42**	37	(26)
At end of the year	**1,104**	1,022	862

Deferred tax liabilities comprise the following:

The Group	31 December 2021 $'000	31 December 2020 $'000	1 January 2020 $'000
			(Re-stated)
Deferred income	**(523)**	(495)	(471)
Unremitted foreign income	**272**	232	109
Difference in depreciation for tax purpose	**1,355**	1,285	1,224
Fair value adjustments to assets acquired in business combination, as previously reported	**16,383**	16,383	16,383
Prior year reclassification, transfer to liabilities of disposal group (Note 14)	**(16,383)**	(16,383)	(16,383)
Fair value adjustments to assets acquired in business combination, as restated	**–**	–	–
	1,104	1,022	862

Movement of deferred tax liabilities is as follows:

Deferred income	2021 $'000	2020 $'000
The Group		
At beginning of the year	**(495)**	(471)
Currency realignment	**(28)**	(24)
At end of the year	**(523)**	(495)

Unremitted foreign income	2021 $'000	2020 $'000
The Group		
At beginning of the year	**232**	109
Charge/(Credit) to profit or loss	**40**	123
At end of the year	**272**	232

19 DEFERRED TAX LIABILITIES (CONTINUED)

Difference in depreciation for tax purpose	**2021** **$'000**	2020 $'000
The Group		
At beginning of the year	**1,285**	1,224
Currency realignment	**70**	61
At end of the year	**1,355**	1,285

Fair value adjustments on acquisition of subsidiary	**31 December 2021 $'000**	31 December 2020 $'000	1 January 2020 $'000
The Group			
At beginning of the year, as previously reported	**16,383**	16,383	16,383
Prior year adjustment, transfer to liabilities of disposal group (Note 14) (Note 38)	**(16,383)**	(16,383)	(16,383)
At beginning of the year, as restated	**–**	–	–
Currency realignment	**–**	–	–
At end of the year	**–**	–	–

20 PROVISION

Movements in provision for reinstatement costs are as follows:

The Group	**2021** **$'000**	2020 $'000
At beginning of the year	**27**	45
Provision made during the year	**–**	27
Provision reversed during the year	**–**	(45)
At end of the year	**27**	27

Provision for reinstatement cost is denominated in Singapore Dollar.

	The Group	
	2021 **$'000**	2020 $'000
Presented as:		
Non-current	**27**	27
	27	27

Provision relates to estimated costs of dismantlement, removal or reinstatement of right-of-use assets arising from the acquisition or use of assets, which are capitalised and included in the cost of right-of-use assets.

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21 LEASE LIABILITIES

	The Group	
	2021	2020
	$'000	$'000
Undiscounted lease payments due:		
– Year 1	**31**	31
– Year 2	**31**	31
– Year 3	**32**	31
– Year 4	**32**	32
– Year 5	**24**	32
– Year 6	**–**	24
	150	181
Undiscounted lease payments due:	**(17)**	(24)
Lease liabilities	**133**	157
Presented as:		
– Non-current	**108**	133
– Current	**25**	24
	133	157

Total cash outflows for all leases during the year amount to $31,000 (2020 – $75,000).

Interest expense on lease liabilities of $7,000 (2020 – $3,000) is recognised within "finance costs" in profit or loss.

Rental expenses not capitalised in lease liabilities but recognised within "operating lease expense" in profit or loss are set out below:

	The Group	
	2021	2020
	$'000	$'000
Short-term lease	**–**	32

As at 31 December 2020, the Group's short-term lease commitment at the reporting date was not substantially dissimilar to those giving rise to the Group's short-term lease expenses for the year.

Where the Group is the lessee

The Group leases office premises for operation purposes.

The office premises is recognised within the Group's right-of-use assets (Note 5)

The Group makes monthly lease payments for the use of office premises.

There are no externally imposed covenants on these lease arrangements.

22 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Trade payables	**57**	54	**–**	–
	57	54	**–**	–
Fixed assets vendors	**235**	234	**–**	–
Advance payment from proposed assets disposal*	**4,386**			
Taxes other than income tax	**1,771**	1,507		
Other payables	**889**	531	**600**	196
Accrued liabilities	**717**	630	**198**	160
	7,998	2,902	**798**	356
	8,055	2,956	**798**	356

* Advance payment represents 65% of the sales proceeds of RMB20.48 million received from the proposed disposal of Phase 2 Factory Assets (Note 4, Note 5) classified as non-current assets classified as held for sale (Note 15).

Trade payables are unsecured, non-interest bearing, normally settled on 30 to 60-days terms and are to be settled in cash.

Trade and other payables were denominated in the functional currencies of the respective entities at the end of the reporting period.

23 CONTRACT LIABILITIES

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Advances received, represented as:				
Current liabilities	**273**	339	**–**	–

Contract liabilities represent income received in advance for goods which have not been delivered as at the end of reporting period.

Revenue recognised for the year ended 31 December 2021 include an amount of $339,000 (2020 – $209,000) from the contract liability balance at the beginning of the financial year.

24 INTEREST-BEARING BANK LOANS

	2021	2020
The Group	**$'000**	$'000
Short term bank loans	**6,211**	6,300

The fixed-rate bank loans are denominated in RMB, bear interest at 6.53% to 7 % (2020 – 6.53% to 7.0%) per annum and are repayable on their maturity dates in January 2021 and December 2021 (2020 – January 2021 and December 2021).

The bank loans were secured by land use rights (Note 14, Note 15), certain property, plant and equipment (Note 4) and pledged deposit (Note 13). The Company has provided a corporate guarantee for a bank loan of $4,069,000 (RMB19,000,000) (2020 – $4,271,000 (RMB21,050,000) drawn down by a subsidiary.

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25 LOAN DUE TO A DIRECTOR

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Principal	**1,600**	850	**1,600**	850
Add:				
Expenses claim	**41**	16	**–**	–
Interests	**151**	47	**151**	47
Total loan due to a director	**1,792**	913	**1,751**	897

The loan is unsecured, repayable on demand and bears interest at 8% per annum.

26 LOAN DUE TO A CONTROLLING SHAREHOLDER

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Principal	**432**	–	**432**	–
Add:				
Interests	**24**	–	**24**	–
Total loan due to a controlling shareholder	**456**	–	**456**	–

During the financial year, the controlling shareholder Astute Ventures Pte Ltd extended a loan of $432,000 to the Company. The loan is unsecured, repayable on demand and bears interest at 8% per annum.

27 AMOUNTS DUE TO SUBSIDIARIES

	2021	2020
The Company	**$'000**	$'000
Amounts due to subsidiaries		
– Advances	**783**	990
– Non-trade	**2,222**	2,218
	3,005	3,208

Amounts due to subsidiaries are unsecured, interest free, repayable on demand and are to be settled in cash.

28 OTHER INCOME

	2021	2020
The Group	**$'000**	$'000
Sale of commodity product	**362**	324
Rental income	**208**	200
Gain on disposal of property, plant and equipment	**–**	8
Gain on disposal of right-of-use assets	**–**	29
Interest income	**2**	108
Government grants and subsidy income[1]	**16**	71
Others	**41**	–
	629	740

(1) There were no unfulfilled conditions or contingencies attached to these government grants and subsidies.

29 LOSS BEFORE TAXATION

The following items have been included in arriving at loss before tax from continuing operations and discontinued operations:

29.1 From continuing operations

The Group	2021 $'000	2020 $'000
Audit fees*		
– Auditors of the Company	**73**	73
– Affiliates of auditors of the Company	**18**	18
Depreciation and amortisation expense		
– Property, plant and equipment	**359**	504
– Right-of-use asset	**96**	194
Exchange loss/(gain)*	**458**	495
Staff costs	**270**	324
Defined contribution plan	**42**	42
Termination of services of employees	**–**	2
Directors' fees*		
– Directors of the Company	**108**	120
– Directors of subsidiaries	**–**	21
Directors' remuneration*		
– Directors of the Company	**116**	116
– Directors of subsidiaries	**–**	87
Finance costs		
– Interest on bank loan and bank overdraft	**460**	436
– Interest on lease liability	**7**	3
– Interest on loan due to a director	**104**	42
– Interest on loan due to a controlling shareholder	**24**	–
– Other interest expense	**1**	4
	596	485
Inventories written down	**–**	(39)
Loss/(gain) on disposal of property, plant and equipment	**9**	(8)
Gain on disposal of right-of-use assets	**–**	(29)
(Reversal)/impairment loss on other receivables	**(24)**	41
Impairment loss on right-of-use assets	**–**	182

* Included in "General and administrative costs" in the consolidated statement of comprehensive income.

29.2 From discontinued operation

The Group	2021 $'000	2020 $'000
Impairment loss on assets of disposal group – Mining Assets	**90,066**	–
Reversal of deferred tax liabilities from liabilities of disposal group – Mining Assets	**(16,383)**	–
Reversal of impairment loss of trade receivables	**–**	(624)

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

30 TAXATION

The Group	2021 $'000	2020 $'000
Continuing operations		
Current income tax		
– Adjustments in respect of prior years	**–**	(1)
	–	(1)
Deferred income tax		
– Origination and reversal of temporary differences (Note 19)	**40**	123
Income tax (credit)/expense) attributable to continuing operations (A)	**40**	122
Discontinued operation		
Deferred income tax		
Reversal of deferred tax liabilities# (Note 14)	**(16,383)**	–
Income tax credit attributable to discontinued operation **(B)**	**(16,383)**	–
Total (Continuing operations and Discontinued operation) **(A)+(B)**	**(16,343)**	–

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on losses as a result of the following:

The Group	2021 $'000	2020 $'000
Loss before tax from continuing operations	**4,343**	(3,267)
Profit/(loss) before tax from discontinued operation	**61,853**	624
Loss before taxation	**(94,194)**	(2,643)
Tax at statutory rate of 17% (2020 – 17%)	**(16,013)**	(449)
Tax effect on non-deductible expenses	**16,006**	185
Tax effect on non-taxable income	**(1)**	(40)
Effect of tax rates of foreign jurisdictions	**(254)**	(124)
Withholding tax	**40**	123
Deferred tax assets on losses not recognised	**264**	261
Adjustments in respect of prior years	**–**	(1)
Tax assets on temporary difference not recognised	**(2)**	167
Continuing operations (A)	**40**	122
Discontinued operation		
– Reversal of deferred tax liabilities# (Note 14) **(B)**	**(16,383)**	–
Total (Continuing operations and Discontinued operation) (A)+(B)	**(16,343)**	122

Deferred tax liabilities related to the Mining Assets were reversed upon impairment of the Mining Assets

Expenses not deductible for tax purposes relate mainly to impairment loss on Mining Assets, losses of the Company not allowed to be carried forward, and disallowed expenses incurred in the ordinary course of business.

Unrecorded tax losses

As at the end of the reporting period, the Group had estimated unutilised tax losses amounting to approximately $10,050,000 (2020 – $9,786,000) that are available for offset against future taxable profits of the Group. The unutilised tax losses of $8,224,000 (2020 – $8,069,000) expire between 2024 and 2026. The use of these unutilised tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation. At the reporting date, the Group has not recognised deferred tax assets in respect of unutilised tax loss due to the uncertainty whether future taxable profits will be available against which the Group can utilise the benefits.

31 (LOSS)/EARNINGS PER SHARE

The following tables reflect the (loss)/profit data used in the computation of basic and diluted earnings/(loss) per share for the years ended 31 December:

The Group	Loss from continuing operations, net of tax $'000	Profit/ (Loss) from discontinued operation, net of tax $'000	Loss for the year $'000
31 December 2021	**(4,383)**	**(61,583)**	**(65,966)**
31 December 2020	(3,389)	624	(2,765)

The Group	**2021 '000**	2020 '000
Weighted average number of ordinary shares for basic and diluted (loss)/ earnings per share computation	**1,031,525**	1,031,525
(Loss)/Earnings per share (cents per share)		
Basic and diluted		
– Continuing and discontinued operations	**(6.39)**	(0.27)
– Continuing operations	**(0.42)**	(0.33)
– Discontinued operation	**(5.97)**	0.06

32 SEGMENT INFORMATION

For management purposes, the Group is organised into product units based on their products and has two reportable segments as follows:

(a) The upstream segment is in the business of exploration, mining and sale of phosphate rocks. As discussions are in progress with the Chinese Government, the upstream segment had been presented as discontinued operation; and

(b) The downstream segment is in the business of manufacturing, sale and trading of phosphate-based chemical products.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

The Chief Operating Decision Maker monitors the operating results of its product units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain aspects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. However, the information on additions to right-of-use assets, land use rights and property, plant and equipment by operating segments is regularly provided to the Chief Operating Decision Maker.

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32 OPERATING SEGMENTS

The Group	Note	Upstream (Discontinued operation) 31 December 2021 $'000	31 December 2020 $'000	Downstream (Continuing operations) 31 December 2021 $'000	31 December 2020 $'000	Adjustments and eliminations 31 December 2021 $'000	31 December 2020 $'000	Total 31 December 2021 $'000	31 December 2020 $'000
Revenue-External	A, B	**301**	–	**1,273**	846	**(301)**	–	**1,273**	846
Gain/(loss) on disposal of property, plant and equipment	C	**–**	–	**(9)**	(8)	**–**	16	**(9)**	8
Gain/(loss) on disposal of right-of-use asset	C	**–**	–	**–**	(29)	**–**	58	**–**	29
Depreciation of property, plant and equipment		**–**	–	**(359)**	(504)	**–**	–	**(359)**	(504)
Depreciation of right-of-use asset		**–**	–	**(96)**	(194)	**–**	–	**(96)**	(194)
Interest income	C	**–**	–	**–**	–	**2**	108	**2**	108
Finance costs	C	**–**	–	**–**	–	**(596)**	(485)	**(596)**	(485)
Termination of services of employees		**–**	–	**–**	(2)	**–**	–	**–**	(2)
Impairment loss on right-of-use assets		**–**	–	**–**	(182)	**–**	–	**–**	(182)
Reversal/(impairment) of loss on trade and other receivables	B, D	**–**	624	**24**	(41)	**–**	(624)	**24**	(41)
Impairment on assets of disposal group	B, D	**(90,066)**	–	**–**	–	**90,066**	–	**–**	–
Segment profit/(loss) before tax	D	**(89,851)**	624	**(3,872)**	(519)	**89,240**	(3,372)	**(4,343)**	(3,267)
Other information									
Additions to non-current assets	E	**–**	–	**12**	–	**–**	231	**12**	231

Note: Additional information and nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

A There were no inter-segment revenue.

B The amounts relating to upstream segment has been excluded to arrive at the amounts shown in the profit or loss as they are presented separately in the statement of comprehensive income within one line item, "profit/(loss) from discontinued operation, net of tax".

C Adjustments relate to unallocated corporate income and expenses.

D The following items are added to/(deducted from) segment profit/(loss) to arrive at "loss before tax, from continuing operations" presented in the consolidated statement of comprehensive income:

E Additions to non-current assets comprise additions to right-of-use assets and plant and equipment.

32 OPERATING SEGMENTS (CONTINUED)

The Group	2021 $	2020 $
Segment results of discontinued operation	**89,851**	(624)
Gain on disposal of property, plant and equipment	**–**	16
Gain on disposal of right-of-use assets	**–**	58
Interest income	**2**	108
Government grant and subsidy income	**16**	–
Exchange (loss)/gain	**(458)**	(467)
Finance costs	**(596)**	(485)
Other corporate expenses	**425**	(1,978)
(Loss)/Profit before taxation	**89,240**	(3,372)

Other corporate expenses include salaries and related costs, professional fees and other office and corporate related expenses.

The Group	31 December 2021 $	31 December 2020 $	1 January 2020 $
		(Restated)	
Segment assets	**21,706**	108,772	108,370
Segment liabilities	**20,868**	30,923	29,072

Geographical information

Revenue information based on the geographical location of customers and non-current assets are as follows:

The Group	Revenue		Non-current assets		
	2021 $'000	2020 $'000	31 December 2021 $'000	31 December 2020 $'000	1 January 2020 $'000
				(Restated)	(Restated)
People's Republic of China	**370**	118	**11,790**	17,718	17,884
Singapore	**–**	–	**52**	50	136
India	**868**	721	**–**	–	–
United States of America	**–**	–	**–**	–	–
Others	**336**	7	**–**	–	–
	1,574	846	**11,842**	17,768	18,020
Less: discontinued operation	**(301)**	–	**–**	–	–
Total	**1,273**	846	**11,842**	17,768	18,020

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets, prepayments and other receivables as presented in the consolidated balance sheets.

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32 **OPERATING SEGMENTS** (CONTINUED)

Information about major customers

The Group	31 December 2021 $'000	31 December 2021 %	31 December 2020 $'000	31 December 2020 %
Customer A[1]	**868**	**68%**	721	85%
Customer B[1]	**259**	**20%**	–	–

(1) downstream segment

Information about products

Revenue information based on products is as follows:

The Group	2021 $'000	2020 $'000
Sodium Tripolyphosphate (STPP)	**–**	34
Sodium Hexametaphosphate (SHMP)	**97**	83
Sodium Trimetaphosphate (STMP)	**1,176**	729
Others*	**–**	–
Revenue from continuing operations	**1,273**	846
Revenue from discontinued operation	**301**	–
	1,574	846

* Others represent trading revenue from other phosphate chemicals.

33 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

Compensation of key management personnel

The Group	2021 $'000	2020 $'000
Short-term employee benefits	**448**	607
Central Provident Fund contributions	**35**	40
	483	647
Comprise amounts paid to:		
Directors of the Company	**224**	236
Other key management personnel	**259**	411
	483	647

33 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with director and shareholder

During the financial year ended 31 December 2021, one of the directors cum controlling shareholder extended a loan of $750,000 (2020 – $650,000) to the Company. The loan is unsecured, and will bear interest at 8 % (2020 – 8%) per annum. For the financial year ended 31 December 2021, the interest accrued to the director amounted to $104,000 (2020 – $42,000).

During the financial year ended 31 December 2021, a controlling shareholder Astute Ventures Pte. Ltd. ("Astute Ventures") extended a loan of $432,000 to the Company. The loan is unsecured, and bears interest at 8% per annum. For the financial year ended 31 December 2021, the interest accrued to the controlling shareholder amounted to $24,000.

34 COMMITMENTS

Lease

Where the Group is the lessor,

The Group	**2021 $'000**	2020 $'000
Not later than one year	**203**	203
Later than one year and not later than five years	**68**	271
Later than five years	**–**	–
	271	474

The lease on the Group's factory building and machineries to third party expire on 8 May 2023.

This leases is classified as an operating lease because the Group does not transfer substantially all the risks and rewards incidental to ownership of the underlying assets.

Corporate guarantee

The Company has provided a corporate guarantee for a bank loan of $4,069,000 (RMB19,000,000) (2020 – $4,271,000 (RMB21,050,000) (Note 24) drawn down by a subsidiary.

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35 FINANCIAL RISK MANAGEMENT

The Group's and the Company's activities expose them to a variety of financial risks: currency risk, interest rate risk, credit risk and liquidity risk. The Group and the Company do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange. The Group's and the Company's overall risk management strategy seeks to minimise adverse effects from unpredictability of financial markets on the Group's and the Company's financial performance.

Accounting classification of financial assets and financial liabilities (by categories)

The carrying amounts of financial assets and financial liabilities in each category at the reporting date are as follows:

	The Group			The Company	
	31 December 2021 $'000	31 December 2020 $'000	1 January 2020 $'000	**31 December 2021 $'000**	31 December 2020 $'000
Financial assets at amortised cost					
Other receivables and prepayments#	**142**	53	23	**117**	–
Trade receivables	**1**	23	40	**–**	–
Amounts due from subsidiaries	**–**	–	–	**517**	340
Cash and bank balances	**2,876**	848	881	**413**	31
	3,019	924	944	**1,047**	371
Financial liabilities at amortised cost					
Trade and other payables@	**3,669**	2,956	2,607	**798**	356
Interest-bearing bank loans	**6,211**	6,300	6,004	**–**	–
Loan due to a director	**1,792**	913	200	**1,751**	897
Loan due to a controlling shareholder	**456**	–	–	**456**	–
Lease liability	**133**	157	66	**–**	–
Amounts due to subsidiaries	**–**	–	–	**3,005**	3,208
	12,261	10,326	8,877	**6,010**	4,461

Exclude prepayments

@ Exclude advance payment from proposed assets disposal

35 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company.

The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For Cash and cash equivalents, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continued revenue growth while minimising losses incurred due to increased credit risk exposure. Receivable balances and payment profile of the debtors are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant. As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Significant concentrations of credit risk

Concentrations of credit risk are managed by customers. 100% (2020 – 100%) as of the Group's trade receivables were due from 3 (2020 – 4) customers at the end of the reporting period.

Exposure to credit risk

The maximum exposure to credit risk is as follows:

		The Group			The Company	
	31.12.2021 $'000	31.12.2020 $'000	1.1.2020 $'000	**31.12.2021 $'000**	31.12.2020 $'000	1.1.2020 $'000
Financial assets at amortised cost						
Other receivables and prepayments#	**142**	53	23	**117**	–	10
Trade receivables	**1**	23	40	**–**	–	–
Amounts due from subsidiaries	**–**	–	–	**517**	340	52
Cash and cash equivalents	**2,876**	848	881	**413**	31	67
	3,019	924	944	**1,047**	371	129

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

35 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

Exposure to credit risk (Continued)

A summary of the Group's and the Company's exposures to credit risk for trade receivables and other receivables is as follows:

The Group	Note	12-month/ Lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
At 31 December 2021					
Other receivables	(1)	Lifetime ECL	**592**	**(450)**	**142**
Trade receivables	(1)	Lifetime ECL	**85**	**(84)**	**1**
			677	**(534)**	**143**
At 31 December 2020					
Other receivables	(1)	Lifetime ECL	527	(474)	53
Trade receivables	(1)	Lifetime ECL	104	(81)	23
			631	(555)	76

The Company	Note	12-month/ Lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
At 31 December 2021					
Other receivables	(1)	Lifetime ECL	**117**	**–**	**117**
Non-trade amount due from subsidiaries	(1)	Lifetime ECL	**517**	**–**	**517**
			634	**–**	**634**
At 31 December 2020					
Non-trade amount due from subsidiaries	(1)	12-month ECL	340	–	340
			340	–	340

\# Exclude prepayments

35 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

Exposure to credit risk (Continued)

(1) Trade and other receivables

Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the current financial situation of the debtor, debtor-specific information obtained directly from the debtor and public domain, where available, and an assessment of the current and future wider economic conditions and outlook for the industry in which the debtor operates at the reporting date. Notes receivables are issued by reputable PRC banks and subject to minimum credit risk.

(2) Other receivables

Loss allowance for other receivables is measured at an amount equal to lifetime expected credit losses (ECL), which is consistent with the approach adopted for trade receivables. The ECL on other receivables are estimated by reference to track record of the counterparties, their business and financial conditions where information is available, and knowledge of any events or circumstances impeding recovery of the amounts. At the reporting date, no loss allowance for other receivables was required except as disclosed. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

(3) Non-trade amounts due from Subsidiaries

In determining the ECL, management has taken into account the financial conditions of the subsidiaries, and a forward-looking analysis, including the outcome of the completion of the disposal of the Mining Assets.

Management has assessed and concluded that the amounts due from subsidiaries are recoverable.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy companies or individuals with a good payment record with the Group and the Company.

Financial assets that are past due but not impaired

There is no other class of financial assets that is past due but not impaired except for trade receivables.

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35 **FINANCIAL RISK MANAGEMENT** (CONTINUED)

Credit risk (Continued)

Exposure to credit risk (Continued)

Cash and cash equivalents

Cash is placed with financial institutions which are regulated and have good credit ratings. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

An ageing analysis of trade receivables, net of impairment losses at the reporting date is as follows:

The Group	**2021 $'000**	2020 $'000
Not past due	**–**	4
Past due 0 – 30 days	**–**	4
Past due 31 – 60 days	**–**	12
Past due 61 – 90 days	**–**	–
Past due over 90 days	**85**	84
	85	104

Liquidity or funding risk is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The following are the contractual maturities of financial instruments based on expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

		Contractual undiscounted cash flows			
The Group	**Carrying amount $'000**	**Total $'000**	**Less than 1 year $'000**	**Between 2 and 5 years $'000**	**Over 5 years $'000**
As at 31 December 2021					
Financial liabilities					
Trade and other payables@	**3,669**	**3,669**	**3,669**	**–**	**–**
Interest-bearing bank loans	**6,211**	**6,633**	**4,487**	**2,146**	**–**
Loan due to a director	**1,792**	**1,935**	**1,935**	**–**	**–**
Loan due to a controlling shareholder	**456**	**492**	**492**	**–**	**–**
Lease liability	**133**	**150**	**31**	**119**	**–**
	12,261	**12,879**	**10,614**	**2,265**	**–**

@ Exclude advance payment from proposed assets disposal

35 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

Exposure to credit risk (Continued)

Cash and cash equivalents (Continued)

The Group	Carrying amount $'000	Contractual undiscounted cash flows Total $'000	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000
As at 31 December 2020					
Financial liabilities					
Trade and other payables	2,956	2,956	2,956	–	–
Interest-bearing bank loans	6,300	6,604	6,604	–	–
Loan due to a director	913	981	981	–	–
Lease liability	157	181	31	126	24
	10,326	10,722	10,572	126	24

The Company	Carrying amount $'000	Contractual undiscounted cash flows Total $'000	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000
As at 31 December 2021					
Financial liabilities					
Other payables	**798**	**798**	**798**	**–**	**–**
Loan due to a director	**1,751**	**1,891**	**1,891**	**–**	**–**
Loan due to a controlling shareholder	**456**	**492**	**492**		
Amounts due to subsidiaries	**3,005**	**3,005**	**3,005**	**–**	**–**
	6,010	**6,186**	**6,186**	**–**	**–**
As at 31 December 2020					
Financial liabilities					
Other payables	356	356	356	–	–
Loan due to a director	897	965	965	–	–
Amounts due to subsidiaries	3,208	3,208	3,208	–	–
	4,461	4,529	4,529	–	–

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35 FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

During the financial year ended 31 December 2021, approximately 24% (2020 – 98%) of the Group's sales were denominated in the USD whilst almost 100% of operating costs were denominated in the respective functional currencies of the Group's entities. The Group does not use derivative financial instruments to protect against the volatility associated with foreign currency transactions.

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in foreign currencies against the functional currency of each respective group entities at the end of reporting period are as below:

The Group

	2021 **S'000**	2010 $'000
Assets		
– denominated in United States dollar ("USD")	**180**	179
– denominated in Renminbi ("RMB")	**146**	–
Liabilities		
– denominated in United States dollar ("USD")	**384**	230

Sensitivity analysis for foreign currency risk

A 5% strengthening of the USD and RMB against the functional currency of the Group entities at the reporting date would increase/(decrease) profit or loss before tax by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. A weakening of the Chinese Renminbi would have the equal but opposite effect. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular interest rates, remain constant.

	2021		2020	
The Group	**Loss before tax increase/ (decrease) $'000**	**Equity increase/ (decrease) $'000**	Loss before tax increase/ (decrease) $'000	Equity increase/ (decrease) $'000
USD strengthens 5% (2020 – 5%)	**10**	**(10)**	3	(3)
RMB strengthens 5% (2020 – 5%)	**(7)**	**7**	–	–

The RMB is not freely convertible. Under the PRC foreign exchange rules and regulations, payments of current account items, including profit distributions, interest payments and expenditures related to business operations, are permitted to be made in foreign currencies without prior government approval but are subject to certain procedural requirements. Strict foreign exchange controls continue to apply to capital account transactions. Capital account transactions must be registered with and approved by the State Administration for Foreign Exchange of the PRC. Repayments of loan principal, distributions of returns on direct capital investment and investments in negotiable instruments are also subject to restrictions.

35 FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. As at the balance sheet date, the Group and the Company do not hold variable-rate financial instruments.

Market price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices. As at the balance sheet date, the Group and the Company do not hold any quoted or marketable financial instruments, hence is not exposed to any movement in market prices.

36 FAIR VALUE MEASUREMENT

Fair value of assets and liabilities that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Management has determined that the carrying amounts of cash and cash equivalents, current trade and other receivables (excluding prepayments), trade and other payables (excluding advance payment from proposed assets disposal), interest-bearing bank loans, lease liability, loans due to a director, loan due to a controlling shareholder, and amounts due from/(to) subsidiaries approximate their fair values because of the short period to maturity.

37 CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are:

(a) To safeguard the Group's and the Company's ability to continue as a going concern;

(b) To support the Group's and the Company's stability and growth;

(c) To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and

(d) To provide an adequate return to shareholders.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives or processes during the financial years ended 31 December 2020 and 2021.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade and other payables, advances from customers, interest-bearing bank loans, lease liability, loan due to a director, loan to a controlling shareholder, less cash and bank balances. Capital includes equity attributable to the owners of the Company, excluding non-controlling interest.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

37 CAPITAL MANAGEMENT (CONTINUED)

The Company and its subsidiaries are not subject to externally imposed capital requirements.

The Group	**31 December 2021 $'000**	31 December 2020 $'000
Trade and other payables	**8,055**	2,956
Contract liabilities	**273**	339
Interest-bearing bank loans	**6,211**	6,300
Lease liability	**133**	157
Loan due to a director	**1,792**	913
Loan due to a controlling shareholder	**456**	–
Less: Cash and bank balances	**(2,876)**	(848)
Net debt (A)	**14,044**	9,817
Total capital (B)	**838**	68,539
Capital and net debt (C)=(A)+(B)	**14,882**	78,356
Gearing ratio (D)=(A)/(C)	**94%**	12%

38 PRIOR YEAR ADJUSTMENTS AND RECLASSIFICATION

During the financial year ended 31 December 2021, the Group identified prepayments and other receivables amounting to $433,000 which should have been impaired in prior years.

In 2017, the Group omitted the carrying value of deferred tax liabilities of $16,383,000 related to the Mining Assets in reclassifying the underlying assets and liabilities of the Mining Assets as assets and liabilities of disposal group (Note 14).

Impairment loss on other receivables of $41,000 was not presented as part of adjustment for non-cash activities in Cash Flows from Operating Activities in the consolidated statement of cash flows for the year ended 31 December 2020.

Proceeds from loan from a director should have been $671,000 instead of $713,000 for the year 31 December 2020 in Cash Flows from Financing Activities in the consolidated statement of cash flows for the year ended 31 December 2020.

38 PRIOR YEAR ADJUSTMENTS AND RECLASSIFICATION (CONTINUED)

The prior year adjustments and reclassification to the extent that they are applied retrospectively, have the following impact:

The Group **Consolidated statement of financial position**	**As reported** **$'000**	**Adjustments** **$'000**	**As restated** **$'000**
At 1 January 2020			
Other receivables and prepayment (Non-current)	193	(193)	–
Other receivables and prepayment (Current)	393	(240)	153
Reserves			
Accumulated losses	(10,086)	(433)	(10,519)
Foreign currency translation reserve	(329)	–	(329)
Merger reserve	850	–	850
Safety fund surplus reserve	1,550	–	1,550
	(8,015)	(433)	(8,448)
Liabilities of disposal group	(769)	(16,383)	(17,152)
Deferred tax liabilities	(17,245)	16,383	(862)
At 31 December 2020			
Other receivables and prepayment (Non-current)	176	(176)	–
Other receivables and prepayment (Current)	382	(257)	125
Accumulated losses	(12,700)	(433)	(13,133)
Liabilities of disposal group	(807)	(16,383)	(17,190)
Deferred tax liabilities	(17,405)	16,383	(1,022)
Consolidated statement of cash flows for the financial year ended 31 December 2020			
Cash Flows from Operating Activities			
Cash Flows from Operating Activities			
Impairment loss on other receivables	–	41	41
Operating loss before working capital changes	(1,423)	41	(1,382)
Changes in trade and other receivables	40	(41)	(1)
Changes in trade and other payables	670	42	712
Cash flows used in operations	(870)	42	(828)
Net cash used in operating activities	(762)	42	(720)
Cash Flows from Financing Activities			
Loan due to a director	713	(42)	671
Net cash generated from financing activities	165	(42)	123

SUBSTANTIAL **SHAREHOLDERS**

(AS RECORDED IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 15 MARCH 2022)

Name of Substantial Shareholder		**No. of Shares (Direct interest)**	**%[1]**	**No. of Shares (Deemed interest)**	**%[1]**
1.	Astute Ventures Pte. Ltd. ("**Astute Ventures**")	270,025,455	26.18	–	–
2.	FICA (Pte.) Ltd. ("**FICA**")[2]	230,653,636	22.36	–	–
3.	Dr. Ong Hian Eng ("**Dr. Ong**")[2]	9,024,394	0.87	230,653,636	22.36
4.	Ong Bee Kuan Melissa[3]	5,367,190	0.52	270,025,455	26.18
5.	Luo Yong	62,277,900	6.04	–	–

Notes:

(1) Based on the issued share capital of 1,031,524,685 ordinary shares in the capital of the Company ("**Shares**") as at 15 March 2022.

(2) FICA is controlled by Dr. Ong and he is therefore deemed to be interested in the 230,653,636 Shares held by FICA.

(3) Ong Bee Kuan Melissa is entitled to exercise not less than 20% of the votes attached to the voting shares in the share capital of Astute Ventures. She is deemed to be interested in the 270,025,455 Shares held by Astute Ventures.

STATISTICS OF **SHAREHOLDINGS**

AS AT 15 MARCH 2022

Issued and fully paid-up capital	:	S$80,012,923.80
Number of ordinary shares in issue (excluding treasury shares and subsidiary holdings)	:	1,031,524,685
Number of treasury shares held	:	Nil
Number of subsidiary holdings	:	Nil
Class of shares	:	Ordinary
Voting rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	9	0.91	429	0.00
100 – 1,000	37	3.72	21,231	0.00
1,001 – 10,000	130	13.08	835,450	0.08
10,001 – 1,000,000	734	73.84	127,591,648	12.37
1,000,001 AND ABOVE	84	8.45	903,075,927	87.55
TOTAL	**994**	**100.00**	**1,031,524,685**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	ASTUTE VENTURES PTE LTD	270,025,455	26.18
2	FICA (PTE) LTD	230,653,636	22.36
3	LUO YONG	62,277,900	6.04
4	WYY INVESTMENT HOLDINGS PTE LTD	44,985,861	4.36
5	ONG BEE PHENG (WANG MEIPING)	33,084,041	3.21
6	RAFFLES NOMINEES (PTE.) LIMITED	16,832,850	1.63
7	KOH LI HAN ERIC (XU LIHAN)	13,600,200	1.32
8	OCBC SECURITIES PRIVATE LIMITED	12,977,300	1.26
9	UOB KAY HIAN PRIVATE LIMITED	10,984,300	1.06
10	TAN YEW LIANG	10,000,000	0.97
11	SERENE WONG LAI LENG	9,700,000	0.94
12	ONG HIAN ENG	9,024,394	0.87
13	KONG SOU YAN	8,825,800	0.86
14	CITIBANK NOMINEES SINGAPORE PTE LTD	8,147,661	0.79
15	PHILLIP SECURITIES PTE LTD	6,750,850	0.65
16	TAN LYE SENG	5,968,000	0.58
17	HSBC (SINGAPORE) NOMINEES PTE LTD	5,549,190	0.54
18	ONG ENG KEONG (WANG RONGKANG)	5,373,841	0.52
19	DBS NOMINEES PTE LTD	5,259,400	0.51
20	SOH HOCK LEONG	5,000,000	0.48
	TOTAL	**775,020,679**	**75.13**

PUBLIC FLOAT

Based on the information available to the Company as at 15 March 2022, approximately 35.21% of the issued ordinary shares (excluding treasury shares and subsidiary holdings) of the Company is held by the public. Accordingly the Company has complied with Rule 723 of the SGX-ST Listing Manual Section B: Rules of Catalist.

NOTICE OF ANNUAL GENERAL MEETINGS

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of AsiaPhos Limited (the "**Company**") will be convened and held by way of electronic means on Wednesday, 27 April 2022 at 2.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the audited financial statements of the Company for the financial year ended 31 December 2021 together with the Auditor's Report.

   (Resolution 1)

2. To re-elect the following Directors of the Company retiring pursuant to Article 88 of the Constitution of the Company:

   Mr Goh Yeow Tin **(Resolution 2)**
   Dr Ong Hian Eng **(Resolution 3)**

   [See Explanatory Note (i)]

   Mr Goh Yeow Tin will, upon re-election as a Director of the Company, remain as the Chairman of the Board, Nominating and Remuneration Committees and a member of the Audit Committee and the Board considers Mr Goh Yeow Tin independent for the purposes of Rule 704(7) of the Catalist Rules.

   Dr Ong Hian Eng will, upon re-election as a Director of the Company, remain as Executive Director and a member of the Nominating Committee and will be considered non-independent.

3. To approve the payment of Directors' fees of S$108,000 for the financial year ending 31 December 2022, payable quarterly in arrears. (2021: S$108,000)

   (Resolution 4)

4. To re-appoint Foo Kon Tan LLP as the Auditor of the Company for the ensuing year and to authorise the Directors of the Company to fix its remuneration.

   (Resolution 5)

5. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. That contingent upon the passing of Ordinary Resolution 2 above, and in accordance to Rule 406(3)(d)(iii) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**"), shareholders to approve Mr Goh Yeow Tin's continued appointment as an Independent Director, this Resolution to remain in force until the earlier of his retirement or resignation as a Director or the conclusion of the third AGM following the passing of this Resolution.

   [See Explanatory Note (ii)] **(Resolution 6)**

7. That contingent upon the passing of Ordinary Resolution 6 above, and in accordance to Rule 406(3)(d)(iii) of the Catalist Rules, shareholders (excluding the Directors and Chief Executive Officer of the Company, and associates of such Directors and Chief Executive Officer) to approve Mr Goh Yeow Tin's continued appointment as an Independent Director, this Resolution to remain in force until the earlier of his retirement or resignation as a Director or the conclusion of the third AGM following the passing of this Resolution.

   [See Explanatory Note (ii)] **(Resolution 7)**

8. That pursuant to Rule 406(3)(d)(iii) of the Catalist Rules, shareholders to approve Mr Francis Lee Fook Wah's continued appointment as an Independent Director, this Resolution to remain in force until the earlier of his retirement or resignation as a Director or the conclusion of the third AGM following the passing of this Resolution.

   [See Explanatory Note (ii)] **(Resolution 8)**

9. That contingent upon the passing of Ordinary Resolution 8 above, pursuant to Rule 406(3)(d)(iii) of the Catalist Rules, shareholders (excluding the Directors and Chief Executive Officer of the Company, and associates of such Directors and Chief Executive Officer) to approve Mr Francis Lee Fook Wah's continued appointment as an Independent Director, this Resolution to remain in force until the earlier of his retirement or resignation as a Director or the conclusion of the third AGM following the passing of this Resolution.

   [See Explanatory Note (ii)] **(Resolution 9)**

10. **Authority to issue ordinary shares in the capital of the Company and/or Instruments (as defined herein)**

   That pursuant to Section 161 of the Companies Act 1967 of Singapore (the "**Companies Act**") and Rule 806 of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), the Directors be authorised and empowered to:

   (a) (i) allot and issue ordinary shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued including, but not limited to, the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force, provided that:

   (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Ordinary Resolution) to be issued pursuant to this Ordinary Resolution shall not exceed one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Ordinary Resolution) to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

NOTICE OF ANNUAL GENERAL MEETINGS

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Ordinary Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from exercise of share options or vesting of share awards; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares.

Adjustments in accordance with sub-paragraph (2)(a) or (2)(b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Ordinary Resolution.

(3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (iii)] **(Resolution 10)**

11. **Authority to allot and issue Shares under the AsiaPhos Performance Share Plan**

That pursuant to Section 161 of the Companies Act, the Directors be authorised and empowered to grant awards in accordance with the provisions of the AsiaPhos Performance Share Plan and to allot and issue from time to time, such number of Shares as may be required to be issued pursuant to the vesting of awards under the AsiaPhos Performance Share Plan, provided always that the aggregate number of Shares issued and issuable pursuant to vesting of awards granted under the AsiaPhos Performance Share Plan, when added to (i) the number of Shares issued and issuable in respect of all awards granted or awarded thereunder; and (ii) all Shares issued and issuable in respect of all options granted or awards granted under any other share incentive scheme or share plan adopted by the Company for the time being in force, shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the day preceding the relevant date of the award.

[See Explanatory Note (iv)] **(Resolution 11)**

By Order of the Board

Ngiam May Ling
Company Secretary
Singapore,
12 April 2022

Explanatory Notes:

(i) Ordinary Resolutions 2 and 3 are for the re-election of Mr Goh Yeow Tin and Dr Ong Hian Eng respectively, being Directors of the Company who retire by rotation at the AGM. For more information on the Directors, please refer to the sections entitled "Board of Directors" and "Additional Information on Directors seeking re-election pursuant to Rule 720(5) of the Catalist Rules and Directors seeking shareholders' approval in respect of Rule 406(3)(d)(iii) of the Catalist Rules" in the Annual Report 2021.

(ii) Resolutions 6, 7, 8 and 9 – Pursuant to Rule 406(3)(d)(iii) of the Catalist Rules, to ensure that the independence designation of a director who has served for more than 9 years as at and from 1 January 2022 is not affected, the Company is seeking to obtain shareholders' approvals for Mr Goh Yeow Tin's and Mr Francis Lee Fook Wah's continued appointments as independent, as they would have served for more than 9 years on the Board of the Company after this AGM. Rule 406(3)(d)(iii) of the Catalist Rules provides that continued appointment as independent director, after an aggregate period of more than 9 years on the board, must be sought and approved in separate resolutions by (A) all shareholders and (B) shareholders excluding directors, chief executive officer, and their associates.

In the event that all of Resolutions 2, 6 and 7 are carried, Mr Goh Yeow Tin will, upon re-election as a Director of the Company, remain as Independent Director until the earlier of his retirement or resignation as a Director or at the conclusion of the AGM to be held in 2025. Mr Goh Yeow Tin will also remain as Chairman of the Board, Nominating and Remuneration Committees and a member of the Audit Committee and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. For more information on Mr Goh Yeow Tin, please refer to the sections entitled "Board of Directors" and "Additional Information on Directors seeking re-election pursuant to Rule 720(5) of the Catalist Rules and Directors seeking shareholders' approval in respect of Rule 406(3)(d)(iii) of the Catalist Rules" in the Annual Report 2021. Mr Goh Yeow Tin does not have any relationships, including immediate family relationships with the Directors, the Company or its 10% shareholders.

If Resolution 2 is carried, but Resolution 6 and/or Resolution 7 is/are not carried, Mr Goh Yeow Tin will, upon re-election, remain as Chairman of the Board, Nominating and Remuneration Committees and a member of the Audit Committee up to and including 22 August 2022 and shall thereafter be re-designated as Non-Executive and Non-Independent Director as of and from 23 August 2022. If Resolution 2 is not carried, Mr Goh Yeow Tin will cease to be a Director with effect from the date of the AGM of the Company, notwithstanding that Resolution 6 and/or Resolution 7 may be approved by shareholders at the AGM of the Company.

In the event that all of Resolutions 8 and 9 are carried, Mr Francis Lee Fook Wah will remain as Independent Director until the earlier of his retirement or resignation as a Director or at the conclusion of the AGM to be held in 2025. Mr Francis Lee Fook Wah will also remain as Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees and he will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. For more information on Mr Francis Lee Fook Wah, please refer to the "Profile of Board of Directors" and "Additional Information on Directors seeking re-election pursuant to Rule 720(5) of the Catalist Rules and Directors seeking shareholders' approval in respect of Rule 406(3)(d)(iii) of the Catalist Rules" sections in the Annual Report 2021. Mr Francis Lee Fook Wah does not have any relationships, including immediate family relationships with the Directors, the Company or its 10% shareholders.

If Resolution 8 and/or Resolution 9 is/are not carried, Mr Francis Lee Fook Wah will remain as Independent Director, Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees up to and including 22 August 2022 and shall thereafter be re-designated as Non-Executive and Non-Independent Director as of and from 23 August 2022.

Rule 406(3)(c) of the Catalist Rules provides that independent directors must comprise at least one-third of the company's board and has come into effect from 1 January 2022. As such, if Mr Goh Yeow Tin and/or Mr Francis Lee Fook Wah is/are to be redesignated as Non-Executive and Non-Independent Director as of and from 23 August 2022, the Company will take steps to appoint new independent director(s) prior to 23 August 2022 in compliance with Rule 406(3)(c) of the Catalist Rules.

In the Board's and NC's view, Mr Goh Yeow Tin and/or Mr Francis Lee Fook Wah have no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company.

(iii) The Ordinary Resolution 10, if passed, will empower the Directors, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to fifty per centum (50%) may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards and any subsequent bonus issue, consolidation or subdivision of Shares. These adjustments are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Ordinary Resolution.

(iv) The Ordinary Resolution 11, if passed, will empower the Directors, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to grant awards under the AsiaPhos Performance Share Plan in accordance with the provisions of the AsiaPhos Performance Share Plan and to allot and issue from time to time such number of fully-paid Shares as may be required to be issued pursuant to the vesting of the awards under the AsiaPhos Performance Share Plan subject to the maximum number of Shares prescribed under the terms and conditions of the AsiaPhos Performance Share Plan.

The aggregate number of Shares which may be allotted and issued pursuant to the AsiaPhos Performance Share Plan and under any other share incentive scheme or share plan adopted by the Company for the time being in force is limited to fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time. This authority is in addition to the general authority to issue Shares sought under Ordinary Resolution 10 above.

NOTICE OF ANNUAL GENERAL MEETINGS

Important Notes:

Notes:

(1) Shareholders may access a copy of the Annual Report 2021 at the SGX website at the URL https://www.sgx.com/securities/company-announcements.

(2) In view of the safe distancing regulations to hold physical meetings and to minimise physical interactions and COVID-19 transmission risk, the Company will be conducting its AGM by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This notice of AGM will be published on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

(3) **No attendance at AGM**

Alternative arrangements have been put in place to allow shareholders to participate at the AGM by (a) watching the AGM proceedings via "live" audio-visual webcast or listening to the AGM proceedings via "live" audio-only stream, (b) submitting questions to the Chairman of the AGM in advance or during the AGM via an online chat box, and/or (c) by appointing a proxy(ies) to attend and vote electronically during the AGM are set out in the accompanying Company's announcement dated 12 April 2022. This announcement may be accessed at the SGX website at the URL https://www.sgx.com/securities/company-announcements.

(4) **Registration to attend the AGM remotely**

The proceedings of the AGM will be conducted via electronic means. The AGM is conducted at no cost to shareholders and members. Shareholders will be able to watch these proceedings through a "live" audio-visual webcast via their mobile phones, tablets or computers or listen to these proceedings through a "live" audio-only stream. In order to do so, shareholders should follow these steps:

(i) Shareholders who wish to (i) attend and vote (in real time) or (ii) appoint a proxy(ies) to attend and vote (in real time) at the AGM via electronic means must pre-register online by **2.00 pm on 24 April 2022 ("Registration Cut-Off Date")** (being 72 hours before the time for holding the AGM), at the URL https://go.lumiengage.com/asiaphos2022 to provide the requisite details of the shareholder and proxy(ies) (if applicable) for verification purposes. Shareholders who wish to appoint a proxy(ies) must also submit a proxy form in accordance with Note 6 below. A proxy(ies) is not required (and will not be able) to separately re-register to attend and vote at the AGM.

Following successful verification, authenticated shareholders and their appointed proxies (if any) will receive email instructions on how to access the webcast and audio stream of the AGM proceedings by **2.00 pm on 26 April 2022**.

(ii) Shareholders who do not receive an email by **2.00 pm on 26 April 2022**, but who registered by the Registration Cut-Off Date, should contact the Company at the following email address: cosec@asiaphos.com

(5) **Submission of questions in advance**

Shareholders who pre-register online may also submit questions related to the proposed resolutions to be tabled for approval at the AGM in the following manner:

(i) via the pre-registration website at the URL https://go.lumiengage.com/asiaphos2022 by **2.00 pm on 19 April 2022**, being at least 7 calendar days after the publication of the Notice of AGM; or

(ii) in hard copy by sending personally or by post and lodging the same at the Company's registered office at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 by **2.00 pm on 19 April 2022**, being at least 7 calendar days after the publication of the Notice of AGM; or

(iii) by email to cosec@asiaphos.com by **2.00 pm on 19 April 2022**, being at least 7 calendar days after the publication of the Notice of AGM; or

(iv) during the AGM via an online chat box.

The Company will endeavour to respond to substantial and relevant questions either after trading hours on 22 April 2022, being at least 48 hours prior to the closing date and time for the lodgement of the proxy forms (via an announcement on SGXNet) or at the AGM.

Shareholders will need to identify themselves when posing questions by providing the following details:

- the shareholder's full name (as per CDP/SRS/Scrip-based records);
- the shareholder's NRIC/Passport/UEN number;
- the shareholder's contact number and email address; and
- the manner in which the shareholder holds his/her/its shares in the Company (e.g. via CDP or SRS).

Please note that the Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

The Company will, within one month after the date of the AGM, publish the minutes of the AGM on SGXNet, and the minutes will include the responses to the questions referred to above. These minutes will contain substantial and relevant comments/queries from shareholders relating to the agenda of the AGM, as well as responses from the Board of Directors and Management

(6) **Voting (in real time via electronic means (either personally or via appointment of proxy) or by the appointment of the Chairman of the AGM as proxy)**

Shareholders who wish to vote at the AGM can either:

(i) pre-register online at https://go.lumiengage.com/asiaphos2022 by **2.00 pm on 24 April 2022**, being not less than 72 hours before the time for holding the AGM to:

(a) attend and vote (in real time) at the AGM via electronic means; or

(b) appoint a proxy(ies) to attend and vote (in real time) at the AGM via electronic means on their behalf and provide the requisite details of the proxy(ies), or

(ii) if they do not wish to attend or appoint a proxy(ies) to attend and vote (in real time) at the AGM, submit a proxy form to appoint the Chairman of the AGM to vote on their behalf.

For the avoidance of doubt, shareholders who have pre-registered to appoint a proxy(ies) to attend and vote at the AGM via electronic means on their behalf must also submit a completed proxy form for the appointment of such proxy(ies). All proxy forms must be received by the Company by **2.00 pm on 25 April 2022**, being not less than 48 hours before the time for holding the AGM.

Where a shareholder has chosen to appoint a proxy(ies), the shareholder should specifically direct the proxy(ies) on how he/she/it is to vote for or vote against (or abstain from voting on) the resolutions to be tabled at the AGM. If no specific direction as to voting is given, the proxy(ies) (including the Chairman as proxy, where applicable) will vote or abstain from voting at his/her/its discretion. For the avoidance of doubt, pre-registration is not required if a shareholder only intends to appoint the Chairman of the AGM as proxy and does not intend to attend the AGM.

To be valid, the instrument appointing a proxy or proxies together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be submitted to the Company in the following manner:

(i) if submitted personally or by post, be lodged at the Company's registered office at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

(ii) if submitted electronically, be submitted via email to the Company at cosec@asiaphos.com,

in either case, by **2.00 pm on 25 April 2022**, being not less than 48 hours before the time for holding the AGM, and in default the instrument of proxy shall not be treated as valid.

Where a shareholder (whether individual or corporate) appoints the Chairman of the AGM or an individual as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM or the individual as proxy for that resolution will be treated as invalid.

Completion and return of the instrument appointing the Chairman of the AGM or an individual as proxy will not prevent a shareholder from attending and voting via electronic means at the AGM if he/she/it subsequently wishes to do so, provided that in the event of such attendance by the shareholder via electronic means, the relevant instrument submitted by the shareholder shall be deemed to be revoked.

A shareholder who wishes to submit the proxy form must first download, complete and sign the proxy form, before submitting it personally or by post to the address provided above, or before scanning and submitting it by email to the email address provided above. The proxy form can be downloaded from the SGX website at the URL https://www.sgx.com/securities/company-announcements.

In view of the current COVID-19 situation in Singapore, shareholders are strongly encouraged to submit the completed proxy forms electronically via email.

- Persons who hold their shares through relevant intermediaries as defined in Section 181 of the Companies Act (including SRS investors) and who wish to participate in the AGM by (a) observing and/or listening to the AGM proceedings via the "live" audio-visual webcast or the "live" audio-only stream in the manner provided in Note 4 above; (b) submitting questions in advance in the manner provided in Note 5 above or during the AGM via an online chat box; and/or (c) voting by appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM and/or voting electronically during the AGM, should contact the relevant intermediary (which would include, in the case of SRS investors, their respective SRS Operators) through which they hold such shares as soon as possible in order to facilitate the necessary arrangements for them to participate in the AGM.

- SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective SRS Operators to submit their votes by **2.00 pm on 18 April 2022** in order to allow sufficient time for their relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf, being 7 working days before the date of the AGM.

(7) A proxy need not be a shareholder of the Company. The Chairman of the AGM, as proxy, need not be a shareholder of the Company.

NOTICE OF ANNUAL GENERAL MEETINGS

(8) The instrument appointing a proxy(ies) must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the proxy(ies) is executed by a corporation, it must be executed either under its seal, executed as a deed in accordance with the Companies Act or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors. Where the instrument appointing the proxy(ies) is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy.

The Company shall be entitled to reject the instrument appointing the proxy(ies) if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the proxy(ies). In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the proxy(ies) lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

(9) A shareholder may withdraw an instrument appointing the Chairman of the AGM or an individual as his/her/its proxy(ies) by sending an email to cosec@asiaphos.com to notify the Company of the withdrawal, at least 48 hours before the time for holding the AGM.

Personal data privacy:

By submitting an instrument appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

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

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

ASIAPHOS LIMITED
(Company Registration No. 201200335G)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT:
1. The Annual General Meeting (the "**Meeting**") is being convened and will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Proxy Form will not be sent to shareholders. This Proxy Form will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.
2. Alternative arrangements relating to attendance at the Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance or during the AGM via an online chat box, addressing of substantial and relevant questions at the AGM and voting electronically or by a proxy(ies) to attend and vote electronically during the AGM are set out in the accompanying Company's announcement dated 12 April 2022. This announcement may be accessed on the SGX website at the URL https://www.sgx.com/securities/company-announcements.
3. Due to the current COVID-19 restriction orders in Singapore, a shareholder will not be able to attend the AGM in person. A shareholder (whether individual or corporate may (i) attend and vote (in real time) or (ii) appoint a proxy(ies) to attend and vote (in real time) at the AGM via electronic means.
4. This Proxy Form is not valid for use by SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
5. Prior to the AGM, shareholders are encouraged to email their questions together with their full names, identification numbers, contact numbers and email addresses and manner in which they hold shares in the Company to cosec@asiaphos.com.
6. **PLEASE READ THE NOTES TO THE PROXY FORM WHICH CONTAIN INSTRUCTIONS ON, *INTER ALIA*, THE APPOINTMENT OF THE CHAIRMAN OF THE MEETING AS A SHAREHOLDER'S PROXY TO ATTEND, SPEAK AND VOTE ON HIS/HER BEHALF AT THE AGM.**

I/We (Name) ______________________________ (NRIC/Passport/UEN No.) ______________

of (Address) ____
being a member/members of AsiaPhos Limited (the "**Company**"), hereby appoint:

Name	**Address**	**Email address**	**NRIC/Passport no.**	**Proportion of shareholdings to be represented by proxy (%)**
and/or				

*Chairman of the annual general meeting (the "**AGM**" or "**Meeting**") as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the AGM of the Company to be convened and held by electronic means on Wednesday, 27 April 2022 at 2.00 p.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against, or to abstain from voting on, the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	**Resolutions Relating to:**	**Number of Votes For(1)**	**Number of Votes Against(1)**	**Number of Votes Abstaining(1)**
As Ordinary Business				
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2021			
2	Re-election of Mr Goh Yeow Tin as a Director of the Company			
3	Re-election of Dr Ong Hian Eng as a Director of the Company			
4	Approval of Directors' fees amounting to S$108,000 for the financial year ending 31 December 2022, payable quarterly in arrears			
5	Re-appointment of Foo Kon Tan LLP as the Auditor of the Company			
As Special Business				
6	Approval of Mr Goh Yeow Tin's continued appointment as an Independent Director by shareholders			
7	Approval of Mr Goh Yeow Tin's continued appointment as an Independent Director by shareholders (excluding directors, chief executive officer, and their associates)			
8	Approval of Mr Francis Lee Fook Wah's continued appointment as an Independent Director by shareholders			
9	Approval of Mr Francis Lee Fook Wah's continued appointment as an Independent Director by shareholders (excluding directors, chief executive officer, and their associates)			
10	Authority to issue ordinary shares in the capital of the Company and/or instruments			
11	Authority to allot and issue shares under the AsiaPhos Performance Share Plan			

(1) Voting will be conducted by poll. If you wish your proxy/proxies to cast all your votes "For" or "Against" a Resolution, please tick in the "For" or "Against" box provided. Alternatively, please indicate the number of votes as appropriate. If you wish your proxy/proxies to abstain from voting on a Resolution, please tick in the "Abstain" box provided. Alternatively, please indicate the number of shares that your proxy/proxies is/are directed to abstain from voting.

Dated this __________ day of ________________ 2022

Total Number of Shares in:	**Number of Shares**
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

* *Delete where inapplicable*

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Due to the current COVID-19 restriction orders in Singapore, a shareholder will not be able to attend the AGM in person and can only participate in the AGM via electronic means. Alternative arrangements relating to the attendance at the AGM have been put in place to allow shareholders to electronically access the AGM by (a) watching the AGM proceedings via "live" audio-visual webcast or listening to the AGM proceedings via "live" audio-only stream, (b) submitting questions to the Chairman of the AGM in advance or during the AGM via an online chat box, and/or (c) voting electronically or by appointing a proxy(ies) to attend and vote electronically during the AGM. This Proxy Form may be accessed on the SGX website at the URL https://www.sgx.com/securities/company-announcements. In appointing the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   Completion and return of the instrument appointing the Chairman of the AGM or an individual as proxy(ies) will not prevent a shareholder from attending and voting via electronic means at the AGM if he/she/it subsequently wishes to do so, provided that in the event of such attendance by the shareholder via electronic means, the relevant instrument submitted by the shareholder shall be deemed to be revoked.

2. SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective SRS Operators to submit their votes by 2.00 pm on 18 April 2022, being 7 working days before the date of the AGM.

3. A proxy need not be a shareholder of the Company. The Chairman of the Meeting, as proxy, need not be a shareholder of the Company.

4. A shareholder should insert the total number of shares held in the Proxy Form. If the shareholder has shares entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he/she should insert that number of shares. If the shareholder has shares registered in his/her name in the Register of Shareholder of the Company, he/she should insert that number of shares. If the shareholder has shares entered against his/her name in the said Depository Register and registered in his/her name in the Register of Shareholder, he/she should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by the shareholder.

5. A member who is a relevant intermediary entitled to attend the meeting and vote (whether to vote in favour of or against, or to abstain from voting) is entitled to appoint the Chairman as proxy to attend and vote (whether to vote in favour of or against, or to abstain from voting) instead of the member, but the Chairman must be appointed to exercise the rights attached to a different share or shares held by such member. Relevant intermediaries also have rights to submit questions prior to AGM and have substantial and relevant questions answered.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

6. The Proxy Form must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the Company's registered office at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632, Attention: Share Registrar of AsiaPhos Limited; or

   (b) if submitted electronically, be received by the Company at cosec@asiaphos.com,

   in either case, not later than 2.00 pm on 25 April 2022, being not less than 48 hours before the time appointed for holding the AGM.

   A shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. In view of the COVID-19 restrictions orders in Singapore which may make it difficult for shareholders to submit completed Proxy Forms by post, shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.

7. The Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, it must be executed either under its common seal or under the hand of an officer or attorney so authorised.

8. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly appointed officer, the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney must (failing previous registration) be deposited with the Proxy Form, failing which the Proxy Form may be treated as invalid.

9. A corporation which is a shareholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the AGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

10. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the shareholder, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by CDP to the Company.

11. All shareholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.

12. SRS Approved Nominees acting on the request of the SRS investors who wish to appoint the Chairman as their proxy are requested to submit in writing, a list with details of the SRS investors' names, NRIC/Passport numbers, addresses and number of shares held. The list (to be signed by an authorised signatory of the SRS Approved Nominee) shall:

    (a) if submitted by post, reach the Company's registered office at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632, Attention: Share Registrar of AsiaPhos Limited; or

    (b) if submitted electronically, must be submitted via email to the Company at cosec@asiaphos.com

    in either case not later than **2.00 pm on 25 April 2022**, being not less than 48 hours before the time appointed for holding the AGM.

PERSONAL DATA PRIVACY: By submitting an instrument appointing a proxy(ies) and/or representative(s), the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 April 2022.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

GOH YEOW TIN *(Non-Executive Chairman & Independent Director)*
DR. ONG HIAN ENG *(CEO and Executive Director)*
ONG ENG HOCK SIMON *(Non-Executive Non-Independent Director)*
FRANCIS LEE FOOK WAH *(Independent Director)*

AUDIT COMMITTEE

FRANCIS LEE FOOK WAH *(Chairman)*
GOH YEOW TIN
ONG ENG HOCK SIMON

NOMINATING COMMITTEE

GOH YEOW TIN *(Chairman)*
FRANCIS LEE FOOK WAH
DR. ONG HIAN ENG

REMUNERATION COMMITTEE

GOH YEOW TIN *(Chairman)*
FRANCIS LEE FOOK WAH
ONG ENG HOCK SIMON

COMPANY SECRETARY

NGIAM MAY LING, LLB (Hons)

REGISTERED OFFICE

1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

PRINCIPAL PLACE OF BUSINESS

SINGAPORE
22 Kallang Avenue
#03-02 Hong Aik Industrial Building
Singapore 339413

PRC
Xiangliu Village
Gongxing Town
Mianzhu City
Sichuan Province
People's Republic of China 618205
T: +86 838 626 9858
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SPONSOR

ASIAN CORPORATE ADVISORS PTE. LTD.
160 Robinson Road, #21-05, SBF Center
Singapore 068914

AUDITORS

FOO KON TAN LLP
24 Raffles Place #07-03
Clifford Centre
Singapore 048621

Partner in Charge:
Mr Toh Kim Teck
Date of Appointment: With effect from financial year ended 31 December 2021

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

PRINCIPAL BANKERS

OVERSEA-CHINESE BANKING CORPORATION LIMITED
65 Chulia Street
#06-00 OCBC Centre
Singapore 049513

CHINA BOHAI BANK
渤海银行
四川省德阳市旌阳区天山南路二段162号
162, Section 2
Tianshannanlu Jingyang Zone
Deyang City
Sichuan Province
People's Republic of China 618000

SPD RURAL BANK
浦发村镇银行
四川省绵竹市城东新区苏绵大道中段55号
55 Sumiandadao Chengdong
New Zone
Mianzhu City
Sichuan Province
People's Republic of China 618200

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