ASIAPHOS

ANNUAL
REPORT
2019

CONTENTS

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

The past few years since 2017 have been extremely challenging years for the Group as our mining operations in Mines 1 and 2, and the Feng Tai mine were interrupted following the Chinese Government's order to cease operations of the Mining Assets and to vacate the Mining Assets. To safeguard our interest, an international law firm with extensive experience in international arbitration was appointed in 2018. The Management continues to be in discussion with the PRC government, and negotiation has since escalated to the PRC government via Ministry of Commerce, *inter alia*, for the selection of an independent valuer and the terms of reference of such engagement. The Group's lawyers have sent a reminder to the Chinese Government but the Group has yet to receive any response to its proposal in relation to the appointment of independent expert, including his terms of reference to conduct an independent valuation of the Company's claims against the Chinese Government. In addition, the Group has asked the Singapore Government for assistance in raising this issue with the Chinese Government.

The Chinese Government has not given management any further proposal to settle the investment dispute but has informed the Group's lawyers that they will check with the Sichuan Government on the status of their internal discussion. However, due to the Covid 19 outbreak in China, they have not provided any update to the Group's lawyers.

Should the negotiations fail to result in an amicable resolution of the dispute, the Group reserve its rights to submit the dispute to international arbitration under the China-Singapore Bilateral Investment Treaty and the ASEAN-China Investment Agreement. The ongoing negotiations will not prejudice our right to commence international arbitration proceedings if no settlement is reached. The Company will make an announcement on SGXNET as and when there are material developments on this matter.

The P_4 plant which was shut down in June 2018 for maintenance could not resume production after maintenance was completed because of the wrongful action by the People's Republic of China in relation to the Group's mining operations. To comply with the requirements of *SFRS(I) 36 Impairment,* the Group has recognised impairment loss on its P_4 plant. The carrying value of the P_4 plant has been written down to values estimated by independent valuers engaged by Bohai bank. During the year, the Group entered into a rental agreement for our STPP plant for a period of 4 years, with option to renew for another 3 years. Recoverable amount for the STPP was thus estimated based on the rental income. Accordingly, the Group wrote back impairment losses previously provided in FY2019.

To rein in all expenses and mitigate its losses, the Group had to downsize its operations with a smaller staff strength.

FINANCIAL REVIEW

Revenue from continuing operations in FY2019 reduced 95% y-o-y, to S$1.0 million. Gross profit reduced by 76% y-o-y, to S$0.2 million in FY2019, largely due to reduced level of overall activity.

Selling and distribution expenses reduced by 74% y-o-y, to S$0.2 million, in line with the lower revenue. General and administration expenses decreased by 53% y-o-y, to S$2.9 million largely due to reduction in general operation expenses, including salaries and staff related costs, professional fees and other administrative expenses as the Group downsized its operations.

Other expense reduced by 80% y-o-y, to S$1.6 million in FY2019, mainly due to reduction in allowance for impairment made for property, plant and equipment. Allowance for impairment made for P_4 plant was $2.2 million in 2019, as compared to allowance of $5.2 million made in 2018. The value of plant and equipment related to P_4 was written down based on values estimated by independent valuers engaged by Bohai Bank. In addition, there was a write back of allowance for impairment for STPP plant and equipment of $0.6 million in 2019, as compared to allowance of $2.4 million made in 2018. The write back of allowance for impairment in 2019 was computed on based estimated recoverable amount from rental of the STPP plant.

As a result of the above, the Group recorded a loss after tax of $4.4 million in FY2019, as compared to a loss after tax of $14.7 million in FY2018.

Bank loans from Bohai Bank and SPD Rural Bank were renewed on substantially similar terms as before. These loans are due in December 2020 and January 2021, respectively.

MOVING FORWARD

Trading of other phosphate chemicals will continue in 2020. We will continue to develop the export market for downstream phosphate chemicals and explore other opportunities to generate income, but the Covid 19 outbreak has made conditions challenging. With the conclusion of the phase 1 trade agreement between USA and China, the Group will work towards increasing the sales of phosphate chemicals to companies in USA.

The Group will continue to explore ways to maximise shareholder value. We are currently in discussions for potential sale, lease or processing arrangements involving our downstream production facilities. We are also exploring potential cooperation in businesses other than phosphate chemicals by utilising land that is surplus to our requirements. All such discussions are going on concurrently and we will evaluate each and every option diligently and earnestly. The Company 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

	FY2019 S$'000	FY2018 S$'000	Change %
Continuing operations			
Revenue	1,019	21,528	(95)
Cost of sales	(806)	(20,653)	(96)
Gross profit	213	875	(76)
Other income	351	167	110
Selling and distribution costs	(181)	(698)	(74)
General and adminstrative costs	(2,872)	(6,051)	(53)
Finance costs	(474)	(524)	(10)
Other expense	(1,565)	(7,759)	(80)
Profit/(loss) before tax, from continuing operations	(4,528)	(13,990)	(68)
Taxation	(29)	84	(135)
Loss from continuing operations, net of tax	**(4,557)**	**(13,906)**	(67)
Discontinued operation			
Profit/(loss) from discontinued operation, net of tax	168	(809)	N.M.
Profit/(loss) for the period	**(4,389)**	**(14,715)**	(70)

Revenue reduced by 95% to $1.0 million in FY2019, mainly due to reduction in revenue from P4. In FY2019, the Group sold 7 tonnes of P4 as compared to 7,100 tonnes in FY2018. The Group sold and depleted its existing inventories of P4. The revenue in FY2019 was mostly contributed by sale of STPP and STMP. In FY2019, the Group sold 376 tonnes and 216 tonnes of STPP and STMP, respectively, as compared to 804 tonnes and 181 tonnes, respectively, in FY2018. Sales of STPP in FY2019 were affected by US tariffs.

Gross profit reduced by 76% to $0.2 million in FY2019 mainly due to different mix of products sold in the 2 financial periods.

Other income increased by 110% to $0.4 million in FY2019 due to gain on disposal of property, plant and equipment, income from rental of STPP plant and gain from sale of excess raw materials. There were no such income in FY2018.

Selling and distribution costs reduced by 74% to $0.2 million in FY2019 in line with reduction in revenue, and reduction in expenses due to smaller operation size.

General & administrative costs decreased by 53% to $2.9 million in FY2019, mainly due to reduction in general operating expenses, including salaries and staff related costs, stocks adjustments and other adminstrative expenses as the Group downsized its operations.

Other expense decreased by 80% to $1.6 million in FY2019, mainly due to reduction in impairment losses made for property, plant and equipment. The Group recorded impairment losses for its P4 plant based on carrying value of the P4 plant estimated by independent valuers engaged by Bohai bank. In FY2019, the Group recorded impairment loss of $2.2 million for its P4 plant as compared to $5.2 million in FY2018. The Group recorded impairment loss for its STPP and corporate asset of $2.4 million in FY2018. In FY2019, provision for impairment loss of $0.6 million was written back based on estimated recoverable amounts from rental of the STPP plant.

Tax expense in FY2019 arose mainly due to recognition of deferred tax liability arising from unremitted foreign-sourced interest income.

Profit from discontinued operation of $0.2 million in FY2019 was mainly due to a write back of allowance for doubtful debt as the Group received partial repayment from an outstanding receivable which had been fully provided for previously. The write back was partially offset by allowance for doubtful debts made in FY2019 for certain prepayments and receivables pertaining to mining operators.

As a result of the above, the Group recorded a loss after tax of $4.4 million in FY2019, as compared to a loss after tax of $14.7 million in FY2018.

BALANCE SHEET

	Group As at 31 December 2019 S$'000	2018 S$'000	Change %
Non-current assets	**18,213**	**20,883**	**(13)**
mainly comprised of			
Land use rights	–	4,163	(100)
Right-of-use asset	4,519	–	100
Property, plant and equipment	13,501	16,007	(16)
Current assets	**90,590**	**93,539**	**(3)**
mainly comprised of			
Stocks	80	441	(82)
Other receivables and prepayments	393	749	(48)
Cash and bank balances	881	2,455	(64)
Assets of disposal group	89,196	89,795	(1)
Current liabilities	**9,900**	**10,067**	**(2)**
mainly comprised of			
Other payables	2,540	2,800	(9)
Advance payments from customers	209	93	125
Interest-bearing bank loans	6,004	6,306	(5)
Liability of disposal group	769	795	(3)
Net current assets	**80,690**	**83,472**	**(3)**
Non-current liabilities	**19,172**	**19,277**	**(1)**
mainly comprised of			
Deferred tax liabilities	17,245	17,287	(0)
Deferred income	1,882	1,945	(3)
Net assets	**79,731**	**85,078**	
Equity attributable to owners of the Company			
Share capital	78,283	78,283	
Reserves	(8,015)	(2,668)	
	70,268	75,615	(7)
Non-controlling interest	9,463	9,463	
Total equity	**79,731**	**85,078**	(6)

Reduction in non-current assets by 13% to $18.2 million as at 31.12.2019 mainly due to reduction in property, plant and equipment, arising from disposals, depreciation and provision of impairment losses in FY2019.

With the adoption of SFRS(I) 16 in 2019, the Group recognised right-of-use asset for its office lease, and presented land use rights as right-of-use asset.

The increase in right-of-use asset was also due to the receipt of land use right for the Group's Hanwang Land.

Reduction in current assets by 3% to $90.6 million as at 31.12.2019 mainly due to reduction in

- stocks as the Group sold its existing inventories;
- lesser other receivables and prepayments due to smaller scale of operations
- cash and bank balances due to payments made.
- reduction in assets of disposal group due to refund of mining deposits and sale of plant and machinery in assets of disposal group.

Reduction in current liabilities by 2% to $9.9 million as at 31.12.2019 mainly due to partial repayment of bank loan.

The reduction was partially offset by increase in advance payments received from customers and recognition of lease liability.

Reduction in non-current liabilities by 1% to $19.2 million as at 31.12.2019 mainly due to decrease in deferred tax liabilities and deferred income resulting from weakening of RMB against SGD. The decrease in deferred tax liabilities was partially offset by recognition of tax liabilities arising from unremitted foreign-sourced income.

As a result of the above, net assets and equity attributable to owners of the Company reduced from $85.1 million as at 31.12.2018 to $79.7 million as at 31.12.2019.

FINANCIAL REVIEW

CASH FLOW

	FY2019 S$'000	FY2018 S$'000
Operating profit/(loss) before working capital changes	(2,272)	(3,245)
Cash generated from/(used in) operations	(1,354)	1,539
Net cash flows (used in)/generated from operating activities	**(1,790)**	**307**
Net cash flows generated from investing activities	**62**	**471**
Net cash flows (used in)/generated from financing activities	**(13)**	**216**
Net (decrease)/increase in cash and bank balances	(1,741)	994
Cash and cash equivalents at beginning of year	2,153	1,182
Effects of exchange rate changes on cash and bank balances	(16)	(23)
Cash and bank balances at end of year	**396**	**2,153**

Cash outflow from operating activities in FY2019 mainly due to operating loss before working capital changes, and payments of trade and other payables and interest expense during the year.

The above cash outflows were partially offset by decrease in inventories as the Group sold its existing inventories and decrease in receivables due to collections received.

Cash inflow from investing activities in FY2019 due to proceeds from sale of plant and equipment.

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

Cash outflow from financing activities in FY2019 due to payment of lease liability and repayment of bank loan of $0.1 million, partially offset by loan from a director of $0.2 million.

Accordingly, cash and bank balances decreased by 82%, from $2.2 million to $0.4 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 26 April 2017. 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 Sheng Siong Group Limited, TLV Holdings Limited, Vicom Ltd and KTMG Limited (formerly known as Lereno Bio-Chem Ltd). His past directorships of public listed companies in Singapore include Singapore Post Limited and OEL (Holdings) Limited. He also holds directorships in several private companies.

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.

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 30 April 2019. 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 the Chief Financial Officer for Vibrant Group Ltd, a company listed on the Main Board of the Singapore Stock Exchange.

He is a director of his own investment firm, Wise Alliance Investments Ltd. and an Independent Director of Sheng Siong Group Ltd. and Net Pacific Financial Holdings Limited. Mr Lee is also a Non-Independent Non-Executive director of Figtree Holdings Limited.

He was an Independent Director of JES International Holdings 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 30 April 2019. 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 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

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 8 May 2020 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(5) of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited, the information relating to the Retiring Directors as set out in Appendix 7F of the Catalist Rules, is as set out below:

	GOH YEOW TIN	DR ONG HIAN ENG
Date of Appointment	22 August 2013	3 January 2012
Date of last re-appointment (if applicable)	26 April 2017	Nil
Age	69	73
Country of principal residence	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.
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.
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
Professional qualifications	■ Bachelor of Mechanical Engineering (Honours), National 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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	GOH YEOW TIN	DR ONG HIAN ENG
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
Shareholding interest in the listed issuer and its subsidiaries	Please refer to the "Directors' Statement" section on page 40 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 and the Group's Human Resource and Administrative Manager.
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rules720(1) has been submitted to the listed issuer	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 announcement of appointments pursuant to Rule 704(8)*	**Past (for the last 5 years)** Directorship ■ OEL (Holdings) Limited ■ Singapore Post Limited ■ Linknet Asia Pte Ltd ■ Neurons Development Private Limited Other Principal Commitment Nil **Present** Directorship ■ KTMG Limited ■ Vicom Ltd ■ Seacare Manpower Services Pte Ltd ■ Seacare Foundation Pte Ltd ■ SGP Global Private Limited ■ Seacare Medical Holdings Pte Ltd ■ EDU Community Pte Ltd ■ Sheng Siong Group Ltd ■ Kiran Electronic B & C Services Pte Ltd ■ TLV Holdings Limited	**Past (for the last 5 years)** Directorship ■ Eastcomm Pte Ltd ■ FICA Holdings 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 ■ AsiaPhos Resources Pte Ltd ■ 253 JB Pte Ltd

	GOH YEOW TIN	DR ONG HIAN ENG
	Other Principal Commitment Nil	Other Principal Commitment ■ Member of Singapore-Sichuan Trade and Investment Committee ■ Honorary Council Member of Singapore Chinese Chamber of Commerce & Industry
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
(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
(c) Whether there is any unsatisfied judgment against him?	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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	GOH YEOW TIN	DR ONG HIAN ENG
(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
(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
(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
(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
(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

	GOH YEOW TIN	DR ONG HIAN ENG
(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	No	No
(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
(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
(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,	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(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

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.

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).

Rachel Goh
Group Financial Controller

Ms Rachel Goh joined the Group as Group Finance Manager in 2011 and was promoted to Group Financial Controller in January 2013. She is responsible for the overall financial functions of our Group, including preparation of financial statements, cash management, corporate governance and internal controls.

Ms Goh started her career at KPMG in 2002 as audit assistant and was promoted to its audit senior and assistant audit manager in 2004 and 2006 respectively. Between 2007 and 2011, she was financial reporting manager of Hwa Hong Corporation Limited.

Ms Goh holds a Bachelor of Accountancy (Honours) from the Nanyang Technological University, Singapore. She is a Chartered Accountant and a non-practising member of the Institute of Singapore Chartered Accountants.

Chia Chin Hau
Manager (Special Projects)

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 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

As announced on SGX-ST on 27 April 2018, and with effect from 27 April 2018, the Group will focus on chemical processing operations/trading and no longer be deemed as a "mineral, oil and gas company" ("MOG") as defined under the Catalist Rules. Details of the previous mining operations are available from independent geologists' technical reports published on SGX-ST's website and the company website.

As a socially responsible 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.

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.

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 conducted 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. For example instead of releasing the gas produced during P4 production into the environment, we collected and used the gas for our other downstream operations so as to reduce the impact on the environment (with the benefit of potentially lowering production costs for downstream chemicals).

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 took active steps to ensure that our employees understand and familiarise themselves with our safety rules. Briefings on safety awareness and procedures were conducted regularly and training on basic safety skills and procedures were 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.

We had a safety and environmental team which implemented and promoted 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; (v) reviewing and improving our safety management system; and vi) transporting, handling and storing of explosives in accordance with the applicable legal regulations.

CORPORATE SOCIAL RESPONSIBILITY

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 entire production process. Fire drills were an important part of our fire safety procedures. In addition, emergency evacuation drills for the entire factory were also conducted. In the event of an accident or natural disaster, we are able to activate emergency response measures and limit the potential damage.

We have been subject to regular and ad hoc inspections by the local safety authorities to ensure that the requisite safety requirements are met before we were 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. Each year, the Group sends employees to attend training, courses and seminars relevant to their scope of work.

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 also participate in local community projects in the vicinity of our business operations in Mianzhu City, Sichuan Province, PRC. 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 2019 ("**FY2019**"), 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 its 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.

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.

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.

REPORT ON CORPORATE GOVERNANCE

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 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; and

– Assume responsibility for 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 whose 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.

REPORT ON CORPORATE GOVERNANCE

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.

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 and the Company Secretary. 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.

The attendance of the Directors at the meetings of the Board and the Committees and the Annual General Meeting during FY2019 is disclosed below:

Name of Director	Number of meetings attended in FY2019				
	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(2)(3) ("**Simon Ong**")	4	4(1)(5)	1(1)	1(1)	1
Hong Pian Tee(4)	2	2	1(1)	1	1
Ong Eng Siew Raymond(2)(3)(4)	2	2(1)	1(1)	1(1)	1
Ong Bee Pheng(2)(3)(4)	2	2(1)	1(1)	1(1)	1
Number of meetings held in FY2019	**4**	**4**	**1**	**1**	**1**

Notes:

(1) Attended as invitee.

(2) Dr. Ong Hian Eng is the uncle of our Non-Executive Non-Independent Director, Mr Simon Ong and the Group's Human Resource and Administrative manager and a substantial shareholder of the Company, Ms Ong Bee Kuan Melissa. He is also the uncle of our former Non-Executive Non-Independent Director, Mr Raymond Ong and father of our former Non-Executive Non-Independent Director, Ms Ong Bee Pheng.

(3) Mr Simon Ong is the nephew of Dr Ong, the brother of Mr Raymond Ong and Ms Ong Bee Kuan Melissa, and cousin of Ms Ong Bee Pheng.

(4) Resigned as Director on 3 May 2019.

(5) Mr Simon Ong was appointed as member of AC on 3 May 2019.

REPORT ON CORPORATE GOVERNANCE

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 FY2019, 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.

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)	69	Chairman, Non-Executive and Independent	22 August 2013	26 April 2017	Member	Chairman	Chairman
Dr. Ong(2)(3)	73	Executive, Chief Executive Officer ("**CEO**")	3 January 2012	Not applicable	–	Member	–
Simon Ong(3)	55	Non-Executive and Non-Independent	1 October 2012	30 April 2019	Member	–	Member
Francis Lee	54	Non-Executive and Independent	22 August 2013	30 April 2019	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 8 May 2020.

(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 8 May 2020.

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

REPORT ON CORPORATE GOVERNANCE

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. During the financial year, none of the Independent Directors had served beyond nine (9) years from their respective date of first appointment.

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.

In view that the Group's operations had been substantially reduced since the second half of the financial year ended 31 December 2018, the Non-Executive Directors, namely Mr Hong Pian Tee, Mr Raymond Ong and Ms Ong Bee Pheng resigned on 3 May 2019 to enable the Company to save on directors' fees, which will benefit stakeholders in the long run. Mr Simon Ong was also re-designated from his role as Executive Director to Non-Independent Non-Executive Director with effect from 1 July 2019.

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 themselves during such meetings given their familial relationship with the Management.

Principle 3: Chairman and Chief Executive Officer
There is a clear division of responsibility 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.

REPORT ON CORPORATE GOVERNANCE

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;

– 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

– 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 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 whistle blowers 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.

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 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)

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.

REPORT ON CORPORATE GOVERNANCE

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.

REPORT ON CORPORATE GOVERNANCE

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, Dr. Ong will remain as an Executive Director, the CEO of the Company and a Member of NC, and Mr Goh Yeow Tin will remain as a Non-Executive and Independent Director, the Chairman of the Board and Chairman of the NC and RC, and a member of AC.

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.

New Directors are appointed by way of a board resolution after the NC recommends the appointment for approval of the Board. All newly appointed Directors who are appointed by the Board are required to retire and subject to election by shareholders at an AGM at the first opportunity after their appointment.

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 FY2019, after reviewing 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 8 of this Annual Report.

Additional information of Dr. Ong and Mr Goh Yeow Tin, 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 13 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 2020, 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, 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 FY2019. No external facilitator was used in the evaluation process.

REPORT ON CORPORATE GOVERNANCE

(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 renumeration 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 chairman, are independent. The composition of the RC is as follows:

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

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

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

During FY2019, 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 FY2019.

REPORT ON CORPORATE GOVERNANCE

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

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 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 did not intend to award shares pursuant to the AsiaPhos Performance Share Plan, further details of which are set out on pages 41 to 42 of this Annual Report, in FY2019.

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 FY2019, the RC had reviewed the service agreements and compensation packages of the Executive Director and a 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.

REPORT ON CORPORATE GOVERNANCE

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 FY2019, the Group incurred losses before tax (from continuing and discontinued operations) of approximately S$4.4 million. 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 FY2019, 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 FY2019 is set out below:

	Salary and allowance (S$'000)	**Directors' fees (S$'000)**	**Total (S$'000)**
Goh Yeow Tin	–	45	45
Dr. Ong(1)	116	–	116
Francis Lee	–	45	45
Simon Ong(1)(2)	103	23	126
Hong Pian Tee(3)	–	14	14
Raymond Ong(1)(2)(3)	–	7	7
Ong Bee Pheng(1)(2)(3)	–	7	7

Notes:

(1) Our CEO and Executive Director, Dr. Ong is the uncle of our Non-Executive Non-Independent Director, Mr Simon Ong and the Group's Human Resource and Administrative manager and a substantial shareholder of the Company, Ms Ong Bee Kuan Melissa. He is also the uncle of our former Non-Executive Non-Independent Director, Mr Raymond Ong and father of our former Non-Executive Non-Independent Director, Ms Ong Bee Pheng.

(2) Our Non-Executive Non-Independent Director, Mr Simon Ong and the Group's Human Resource and Administrative manager, Ms Ong Bee Kuan Melissa are siblings. They are also nephew and niece of Dr. Ong. He is also the brother of our former Non-Executive Non-Independent Director, Mr Raymond Ong and cousin of our former Non-Executive Non-Independent Director, Ms Ong Bee Pheng.

(3) Resigned on 3 May 2019.

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, 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 FY2019 is set out below:

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

Note:

(1) 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. Mr Jaime Chiew Chi Loong's annual remuneration for FY2019 was between S$100,000 and S$150,000.

In aggregate, the total remuneration paid to the five (5) top KMP was S$521,000 in FY2019.

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 FY2019.

For FY2019, the salary of Ms Ong Bee Kuan Melissa, the Group's Human Resource and Administrative manager, a substantial shareholder of the Company, niece of Dr. Ong, sister of Mr Simon Ong, was less than S$100,000.

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 other 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 FY2019.

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 pages 41 to 42 of this Annual Report.

To motivate Executive Director 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 Risk Statement can be found on pages 37 to 38 of this Annual Report.

The Group's financial risk management objectives and policies are discussed further in note 32 to the financial statements. For FY2019, 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 FY2019.

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 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 2019.

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.

REPORT ON CORPORATE GOVERNANCE

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 FY2019, 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 FY2019, the AC held four (4) scheduled meetings, which were attended by all Directors and KMP.

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;

– 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.

REPORT ON CORPORATE GOVERNANCE

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 whistle-blowers 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. No whistle-blowing reports were received in FY2019.

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 FY2019 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 Ernst & Young LLP ("**EY**") 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 EY 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.

During FY2019, the AC reviewed the planned audit procedures and the potential key audit areas as presented by EY. These material issues which EY 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 FY2019, the AC discussed with the Management and EY 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 EY.

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.

REPORT ON CORPORATE GOVERNANCE

For FY2019, EY 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. The AC has also reviewed the fees for non-audit services provided by EY during FY2019, and is of the opinion that such did not prejudice their independence and objectivity. A breakdown of fees paid to EY and its member firms for audit and non-audit services provided to the Group during FY2019 is as follows:

(S$'000)	EY entities in Singapore	Overseas EY entities
Audit fees	102	63
Non-audit fees	17	–
Total	119	63

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

Historically, the Group outsourced its internal audit function. In FY2019, 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. Due to the Group's substantially reduced scale of operations in FY2019, the AC and the Board did not deem it efficient and effective to engage the outsourced IA to carry out onsite fieldwork for FY2019. Also, the Group had almost 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 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.

As part of the Group's ongoing efforts to manage its overall business costs and expenses amidst the challenging operations of the Group, the AC had recommended, and the Board had approved the nomination to appoint Foo Kon Tan LLP to replace EY as the Company's external auditor for the financial year ending 31 December 2020, subject to shareholder approval being obtained at the AGM.

(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.

REPORT ON CORPORATE GOVERNANCE

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 and published on the Company's website at http://www.asiaphos.com.

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 and on its website at http://www.asiaphos.com. Shareholders, analysts and the press can contact the Company directly via online submission form on http://www.asiaphos.com or 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, on the Company's website at http://www.asiaphos.com and published in the press.

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 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 Company's website. In any event, in 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.

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 SGX-ST's website and posted on the Company's website at http://www.asiaphos.com 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, absentia 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.

REPORT ON CORPORATE GOVERNANCE

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.

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 FY2019 within the prescribed timeline on SGX-ST's website and on the Company'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 FY2019 as the Group continues to work on strengthening its balance sheet and working capital positions.

(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.

REPORT ON CORPORATE GOVERNANCE

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.

During the financial year, Dr. Ong advanced a loan of $200,000 to the Company. The loan is unsecured, repayable on demand and bears interest of 8% per annum. In FY2019, interest on advance accrued to Dr. Ong amount to $6,000.

Other than the above, there were no other IPTs in FY2019.

The Company did not obtain any general mandate from shareholders for IPTs for FY2019.

(H) MATERIAL CONTRACTS

In August 2019, Dr. Ong has extended a loan of $200,000 to the Company. The loan is unsecured, repayable on demand and bears 8% per annum.

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 FY2019 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 FY2019.

(J) SUSTAINABILITY REPORT

The Company will be publishing its Sustainability Report based on the Global Reporting Initiative Standards 2016. The report will be available on the SGX-ST's website and the Company's website www.asiaphos.com by 31 May 2020.

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 (including financial, operational, compliance and information technology controls) and risk management systems. 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. In FY2019, Mianzhu Norwest did not carry out any production. Due to the Group's substantially reduced scale of operations in FY2019, the AC and the Board did not deem it efficient and effective to engage the outsourced IA to carry out onsite fieldwork for FY2019. Also, the Group had almost 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 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.

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 32 to the financial statements.

In preparation for the annual sustainability reporting and the enhanced environmental laws and monitoring requirements, the Group arranged for its employees to attend the relevant training and reviewed existing sustainability reporting against the relevant benchmarks. Third-party experts were also engaged to complete environmental impact assessment for the Group's operations and to provide assurance that our operations were compliant with the relevant authorities' requirements.

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 2019.

DIRECTORS' STATEMENT

The directors hereby present their statement to the members together with the audited consolidated financial statements of AsiaPhos Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2019.

Opinion of the directors

In the opinion of the directors,

(i) having regard to and taking into consideration the matters disclosed in the financial statements, in particular Notes 2, 4.1(a), 4.2(b), 4.2(c), 9 and 12, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity 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 2019 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement, based on factors as described in Note 2 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.

Directors

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

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

In accordance with Article 88 of the Company's Constitution, Dr. Ong Hian Eng and Goh Yeow Tin retire, and being eligible, offer themselves for re-election.

Arrangements to enable directors to acquire shares and debentures

Except as disclosed in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

Directors' interests in shares, warrants and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of director	**At the beginning of the financial year**	**At the end of the financial year**	**At the beginning of the financial year**	**At the end of the financial year**
Ordinary shares of the Company				
Ong Hian Eng	9,024,394	9,024,394	242,137,677	230,653,636
Ong Eng Hock Simon	2,919,306	2,919,306	–	–
Francis Lee Fook Wah	200,000	200,000	–	–
Warrants of the Company				
Ong Hian Eng	1,002,710	1,002,710	1,279,185	3,181
Francis Lee Fook Wah	200,000	200,000	–	–

There is no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2020.

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Ong Hian Eng is deemed to have an interest in shares of the subsidiaries of the Company.

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.

Warrants

At the end of the financial year, details of outstanding warrants are as follows:

Date of issue	Warrants outstanding at the beginning of the financial year	Warrants issued	Warrants exercised	Warrants expired	Warrants outstanding at the end of the financial year	Date of expiration
24 March 2017	95,124,065	–	–	–	95,124,065	23 March 2020

On 24 March 2017, 112,664,875 warrants have been allotted and issued by the Company at an issue price of $0.08 for each warrant, each warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company at the exercise price of $0.08 for each new share, on the basis of one warrant for every eight existing ordinary shares in the capital of the Company held by the shareholders of the Company, fractional entitlements, if any, to be disregarded.

DIRECTORS' STATEMENT

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.

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 Condition(s);

(f) the Release Schedule; and

(g) any other condition(s) 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.

DIRECTORS' STATEMENT

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

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. No share has been awarded to any participant, which, in aggregate, represent five per cent (5%) or more of the aggregate number of new shares available under the Share Plan and as such, no vesting of shares has taken place.

Audit Committee

The audit committee (the "AC") carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50. The functions performed are set out in the Corporate Governance Report.

The AC, having reviewed all non-audit services provided by the external auditor and its member firm to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened four (4) 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. One of the directors recused himself during the meetings given his familial relationship with the management.

DIRECTORS' STATEMENT

Auditor

The retiring auditor, Ernst & Young LLP, will not be seeking re-appointment. Foo Kon Tan LLP has expressed its willingness to accept appointment as auditor.

On behalf of the board of directors:

Ong Hian Eng
Director

Ong Eng Hock Simon
Director

3 April 2020

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2019

Report on the audit of the financial statements

Disclaimer of Opinion

We were engaged to audit the financial statements of AsiaPhos Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2019, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income 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.

We do not express an opinion on the accompanying financial statements of the Group and the balance sheet and the statement of changes in equity 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) Assets and liability of disposal group and discontinued operation

Included in the Group's balance sheet as at 31 December 2019 are assets of disposal group amounting to $89,196,000 and liability of disposal group amounting to $769,000 which comprised of the assets and directly associated liability of the Group's Mine 1, Mine 2 and Fengtai Mine, (collectively, the "Mining Assets"). Results of the Mining Assets were presented as discontinued operation in the Group's consolidated statement of comprehensive income for the year ended 31 December 2019.

During the current financial year, due to circumstances as disclosed in Note 4.1 (a) and Note 9 to the financial statements, the proposed disposal has not been completed. As disclosed further in Note 4.1 (a), Note 4.2 (c) and Note 9, the directors are of the view that it remains appropriate to classify the Mining Assets as assets and liability of disposal group in the Group's consolidated balance sheet as at 31 December 2019 and its results as discontinued operation on the Group's consolidated statement of comprehensive income for the year ended 31 December 2019. The directors are also of the view that the fair value less costs of disposal of the Mining Assets is higher than their carrying amounts as at 31 December 2019. However, 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 liability of disposal group and its results as discontinued operation. We were also unable to assess the appropriateness of the discontinued operation in the statement of comprehensive income and the carrying values of the assets and liability of disposal group in the Group's consolidated balance sheet as at 31 December 2019.

2) Impairment of investment in subsidiaries and amounts due from subsidiaries

As explained in the above paragraphs, there exists significant uncertainties with respect to the outcome of the proposed disposal of the Mining Assets. The recoverable amounts of the investment in subsidiaries and amounts due from subsidiaries are dependent on the outcome of the proposed disposal. Consequently, based on the information available to us, we were also unable to obtain sufficient appropriate audit evidence to determine the appropriateness of the carrying values of the cost of investment in subsidiaries amounting to $45,449,000 and amounts due from subsidiaries of $52,000 in the Company's balance sheet as at 31 December 2019.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2019

Basis for Disclaimer of Opinion (Continued)

3) Recoverable amount of property, plant and equipment

As disclosed in Note 12 to the financial statements, the Group assessed the recoverable value of the elemental phosphorus ("P4") plant as at 31 December 2019 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. Based on the value determined by the Chinese professional valuer, an additional impairment charge of $2,177,000 was recorded. 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 P4 plant and the impairment charge recorded during the year.

4) Going concern

As disclosed in Note 2 to the financial statements, the Group incurred a net loss after tax of $4,389,000. Excluding the assets and liability of the disposal group, the Group's current liabilities exceeded its current assets by $7,737,000 as at 31 December 2019. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group 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 to the financial statements. However, 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 is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

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 Act and the Singapore Financial Reporting Standards (International) (SFRS(I)), 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2019

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct the audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis for 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 Group 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 subsidiaries incorporated in Singapore 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 Philip Ling Soon Hwa.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

3 April 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Continuing operations			
Revenue	5	**1,019**	21,528
Cost of sales		**(806)**	(20,653)
Gross profit		**213**	875
Other income	6	**351**	167
Selling and distribution costs		**(181)**	(698)
General and administrative costs		**(2,872)**	(6,051)
Finance costs		**(474)**	(524)
Other expense		**(1,565)**	(7,759)
Loss before tax from continuing operations	7	**(4,528)**	(13,990)
Taxation	8	**(29)**	84
Loss from continuing operations, net of tax		**(4,557)**	(13,906)
Discontinued operation			
Profit/(loss) from discontinued operation, net of tax	9	**168**	(809)
Loss for the year		**(4,389)**	(14,715)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation		**(948)**	(864)
Total comprehensive income for the year		**(5,337)**	(15,579)
Attributable to:			
Owners of the Company			
– Loss from continuing operations, net of tax		**(4,557)**	(13,906)
– Profit/(loss) from discontinued operation, net of tax		**168**	(809)
Loss for the year attributable to owners of the Company		**(4,389)**	(14,715)
Non-controlling interest			
(Loss)/profit for the year attributable to non-controlling interest		**–**	–
Loss for the year		**(4,389)**	(14,715)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(5,337)**	(15,579)
Non-controlling interest		**–**	–
Total comprehensive income for the year		**(5,337)**	(15,579)
Attributable to owners of the Company			
Total comprehensive income for the year from			
– Continuing operations		**(5,505)**	(14,770)
– Discontinued operation		**168**	(809)
Total comprehensive income for the year attributable to owners of the Company		**(5,337)**	(15,579)
Loss per share (cents per share)			
– Basic	29(a)	**(0.43)**	(1.43)
– Diluted	29(a)	**(0.43)**	(1.43)
(Loss)/earnings per share attributable to owners of the Company (cents per share)			
Basic			
– Continuing operations	29(b)	**(0.44)**	(1.35)
– Discontinued operation	29(c)	**0.02**	(0.08)
Diluted			
– Continuing operations	29(b)	**(0.44)**	(1.35)
– Discontinued operation	29(c)	**0.02**	(0.08)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Non-current assets					
Right-of-use assets	10	**4,519**	–	**–**	–
Land use rights	11	**–**	4,163	**–**	–
Property, plant and equipment	12	**13,501**	16,007	**–**	–
Other receivables and prepayments	13	**193**	713	**–**	–
Intangible asset	14	**–**	–	**–**	–
Investment in subsidiaries	15	**–**	–	**45,449**	78,036
		18,213	20,883	**45,449**	78,036
Current assets					
Stocks	16	**80**	441	**–**	–
Trade receivables	17	**40**	99	**–**	–
Other receivables and prepayments	13	**393**	749	**40**	112
Amounts due from subsidiaries	18	**–**	–	**52**	5,667
Cash and bank balances	19	**881**	2,455	**67**	413
Assets of disposal group	9	**89,196**	89,795	**–**	–
		90,590	93,539	**159**	6,192
Total assets		**108,803**	114,422	**45,608**	84,228
Current liabilities					
Trade payables	20	**67**	73	**–**	–
Other payables	21	**2,540**	2,800	**240**	361
Advances from customers		**209**	93	**–**	–
Interest-bearing bank loans	22	**6,004**	6,306	**–**	–
Loan due to a director	23	**200**	–	**200**	–
Lease liability	24	**66**	–	**–**	–
Provision for taxation		**45**	–	**–**	–
Liability of disposal group	9	**769**	795	**–**	–
Amounts due to subsidiaries	18	**–**	–	**2,696**	2,232
		9,900	10,067	**3,136**	2,593
Net current assets/(liabilities)		**80,690**	83,472	**(2,977)**	3,599
Non-current liabilities					
Deferred income	25	**1,882**	1,945	**–**	–
Deferred tax liabilities	26	**17,245**	17,287	**–**	–
Provision for reinstatement cost		**45**	45	**–**	–
		19,172	19,277	**–**	–
Total liabilities		**29,072**	29,344	**3,136**	2,593
Net assets		**79,731**	85,078	**42,472**	81,635
Equity attributable to owners of the Company					
Share capital	27	**78,283**	78,283	**78,283**	78,283
Reserves	28	**(8,015)**	(2,668)	**(35,811)**	3,352
		70,268	75,615	**42,472**	81,635
Non-controlling interest		**9,463**	9,463	**–**	–
Total equity		**79,731**	85,078	**42,472**	81,635

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

Group	Share capital $'000	Merger reserve $'000	Retained earnings $'000	Foreign currency translation reserve $'000	Safety fund surplus reserve $'000	Total reserves $'000	Non-controlling interest $'000	Total equity $'000
Opening balance at 1 January 2019	**78,283**	**850**	**(5,687)**	**619**	**1,550**	**(2,668)**	**9,463**	**85,078**
Impact on adoption of SFRS(I) 16	**–**	**–**	**(10)**	**–**	**–**	**(10)**	**–**	**(10)**
Opening balance at 1 January 2019, (restated)	**78,283**	**850**	**(5,697)**	**619**	**1,550**	**(2,678)**	**9,463**	**85,068**
Loss for the year, net of tax	**–**	**–**	**(4,389)**	**–**	**–**	**(4,389)**	**–**	**(4,389)**
Other comprehensive income								
Foreign currency translation	**–**	**–**	**–**	**(948)**	**–**	**(948)**	**–**	**(948)**
Total comprehensive income for the year	**–**	**–**	**(4,389)**	**(948)**	**–**	**(5,337)**	**–**	**(5,337)**
At 31 December 2019	**78,283**	**850**	**(10,086)**	**(329)**	**1,550**	**(8,015)**	**9,463**	**79,731**
Opening balance at 1 January 2018 (FRS framework)	78,283	850	9,569	1,483	1,018	12,920	9,463	100,666
Impact on adoption of SFRS(I) 9	–	–	(9)	–	–	(9)	–	(9)
Opening balance at 1 January 2018, (SFRS(I) framework)	78,283	850	9,560	1,483	1,018	12,911	9,463	100,657
Loss for the year, net of tax	–	–	(14,715)	–	–	(14,715)	–	(14,715)
Other comprehensive income								
Foreign currency translation	–	–	–	(864)	–	(864)	–	(864)
Total comprehensive income for the year	–	–	(14,715)	(864)	–	(15,579)	–	(15,579)
Others								
Transfer to safety fund surplus reserve	–	–	(551)	–	551	–	–	–
Utilisation of safety fund surplus reserve	–	–	19	–	(19)	–	–	–
At 31 December 2018	78,283	850	(5,687)	619	1,550	(2,668)	9,463	85,078

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

Company	Share capital $'000	Retained earnings $'000	Total equity $'000
At 1 January 2019	**78,283**	**3,352**	**81,635**
Loss for the year, representing total comprehensive income for the year	**–**	**(39,163)**	**(39,163)**
At 31 December 2019	**78,283**	**(35,811)**	**42,472**
At 1 January 2018	78,283	4,799	83,082
Loss for the year, representing total comprehensive income for the year	–	(1,447)	(1,447)
At 31 December 2018	78,283	3,352	81,635

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

	2019 $'000	2018 $'000
Cash flows from operating activities		
(Loss)/profit before tax from		
– Continuing operations	**(4,528)**	(13,990)
– Discontinued operation	**168**	(809)
Loss before tax, total	**(4,360)**	(14,799)
Adjustments for:		
Depreciation and amortisation expense	**644**	1,053
Interest expense	**456**	522
Inventories written down	**72**	1,364
Provision for doubtful receivables and prepayments (written back)/made	**(336)**	1,195
Provision made and written back for impairment of property, plant and equipment, net	**1,564**	7,658
Interest income	**(12)**	(8)
Gains on financial asset held for trading	**–**	(2)
(Gain)/loss on disposal of property, plant and equipment	**(49)**	94
Unrealised exchange gain	**(251)**	(251)
Government grant	**–**	(31)
Amortisation of deferred income	**–**	(40)
Operating cash flows before working capital changes	**(2,272)**	(3,245)
Decrease in stocks	**282**	10,256
Decrease in receivables and prepayments	**781**	1,507
Decrease in payables	**(145)**	(6,979)
Cash flows (used in)/generated from operations	**(1,354)**	1,539
Interest received	**12**	8
Interest paid	**(448)**	(522)
Income tax paid	**–**	(718)
Net cash flows (used in)/generated from operating activities	**(1,790)**	307
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	**65**	47
Proceeds from refund of mining deposits	**205**	–
Increase in restricted deposits	**(208)**	–
Payments for property, plant and equipment[(a)]	**–**	(5)
Net proceeds on gains on financial asset held for trading	**–**	398
Receipt of government grant	**–**	31
Net cash flows generated from investing activities	**62**	471
Cash flows from financing activities		
Repayment of bank loans	**(6,240)**	(6,929)
Proceeds from bank loans	**6,141**	6,432
Decrease in pledged deposits, net	**11**	713
Payments of principal portion of lease liability	**(125)**	–
Loan due to a director	**200**	–
Net cash flows (used in)/generated from financing activities	**(13)**	216
Net (decrease)/increase in cash and cash equivalents	**(1,741)**	994
Cash and cash equivalents at beginning of the year	**2,153**	1,182
Effects of exchange rate changes on cash and cash equivalents	**(16)**	(23)
Cash and cash equivalents at end of the year (Note 19)	**396**	2,153

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

Notes to the consolidated statement of cash flows

(a) Payments for property, plant and equipment

	2019 $'000	2018 $'000
Current year additions (Note 12)	–	50
Less:		
Increase in provision for reinstatement cost	–	(45)
Net cash outflows for payment for property, plant and equipment	–	5

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

1. CORPORATE INFORMATION

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

The registered office and the principal place of business of the Company are located at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 and 10 Kallang Avenue Aperia #05-11, Singapore 339510 respectively.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

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

2. GOING CONCERN

The Group incurred a net loss after tax of $4,389,000 in the financial year ended 31 December 2019 ("FY2019"). Excluding the assets and liability of disposal group, the Group's current liabilities as at 31 December 2019 exceeded the current assets as at 31 December 2019 by $7,737,000. The above factors may indicate the existence of material uncertainty which may cast significant doubt about the Group's ability to continue as going concern.

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

(a) The Group is able to generate cash flows from its downstream chemical segments through trading of chemical products like Sodium Tripolyphosphate ("STPP"), Sodium Hexametaphosphate ("SHMP") as well as other polyphosphate chemicals and achieve reduction in cash outlays and overheads from downsized operations;

(b) The Group has entered into a settlement agreement with a particular customer which is a subsidiary of a State-Owned Enterprise and also partly owned by the Deyang Government for outstanding receivables of $599,000 (RMB3,100,000). The Group is also entitled to receive interest, at 6% per annum from 23 March 2018 to the date of payment of last installment, arising from the late payments from the customer. The Group had not recognised the interest income on the credit-impaired asset. The interest income will be recognised when the customer shows signs of being able to pay the remaining balance and interest.

As disclosed in Note 37, the Group received $387,000 (RMB2 million) in February 2020 and $329,000 (RMB1.7 million) in March 2020 in the form of bill receivables for settlement of both the outstanding receivables and the interest on late payment;

(c) During the financial year, the Group leased the STPP plant to a third party for $198,000 (RMB1,000,000) per annum for a period of 4 years from 8 May 2019, with the option to extend for another 3 years upon the expiry. Rental income is received bi-annually.

The Group is also exploring sale of land that is surplus to the Group's current operating requirements and is in negotiations to lease out its P4 plant; and

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. GOING CONCERN (CONTINUED)

(d) Discussions will be carried out by the Group with financial institutions to rollover its existing loans as and when they fall due. As disclosed in Note 37, the Group has renewed facilities of $1,933,000 (RMB10,000,000) in January 2020. Accordingly, as at the date of this report, the Group has aggregate facilities of $6,004,000 (RMB31,060,000) which are due in December 2020 and January 2021. 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 requisite financing for the Group's operations.

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

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group may have to be reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Singapore Dollar (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

3.2 Changes in accounting policies and disclosures

SFRS(I) 16 *Leases*

The Group adopted SFRS(I) 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Changes in accounting policies and disclosures (Continued)

SFRS(I) 16 *Leases* (Continued)

The effect of adoption of SFRS(I) 16 as at 1 January 2019 increase/(decrease) is, as follows:

	Group $'000
Assets	
Right-of-use assets	4,354
Land use rights	(4,163)
Prepayments	(10)
	181
Liabilities	
Lease liability	191
Equity	
Retained earnings	(10)

The Group has lease contract for an office space.

Upon adoption of SFRS(I) 16 Leases, the Group applied a single recognition and measurement approach for all leases except short-term leases and leases of low-value assets. Refer to Note 3.8 for the accounting policy beginning 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously accounted for as operating leases

The Group recognised right-of-use asset and lease liability for the lease previously classified as operating lease, except for short-term leases and leases of low-value assets. The right-of-use asset for the lease was recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of the initial application. The right-of-use asset was recognised based on the amount equal to the lease liability, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liability was recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group applied the practical exemption not to recognise right-of-use asset and lease liability for which the lease term ends within 12 months of the date of initial application.

The Group also presented land use rights of $4,163,000 as right-of-use assets as of 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Changes in accounting policies and disclosures (Continued)

SFRS(I) 16 *Leases* (Continued)

Leases previously accounted for as operating leases (Continued)

The lease liability as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	Group $'000
Operating lease commitments as at 31 December 2018	207
Weighted average incremental borrowing rate as at 1 January 2019	8%
Discounted operating lease commitments as at 1 January 2019, representing total lease liability as at 1 January 2019	191

3.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	*Effective for annual periods beginning on or after*
Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
Amendments to SFRS(I) 3: *Definition of a Business*	1 January 2020
Amendments to SFRS(I)1-1 and SFRS(I) 1-8: *Definition of Material*	1 January 2020

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

3.4 Basis of consolidation and business combinations

(a) ***Basis of consolidation***

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Basis of consolidation and business combinations (Continued)

(b) ***Business combinations and goodwill***

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all the assets acquired and all liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of the net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3.6 Foreign currency

The financial statements are presented in Singapore Dollar which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) ***Transactions and balances***

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the profit or loss.

(b) ***Consolidated financial statements***

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their statements of comprehensive income are translated at average exchange rates for the year which approximate the exchange rates prevailing at the date of the transactions. The exchange differences arising from the translation are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. On disposal of a foreign operation, the cumulative amount recognised in foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

(c) ***Net investment in foreign operations***

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 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. CIP are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and depreciation methods are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use underlying assets.

(i) ***Right-of-use assets***

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease terms.

Right-of-use assets are subject to impairment.

(ii) ***Lease liabilities***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of purchase options reasonably certain to be exercised by the Group and the payments of penalties for terminating the lease if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) ***Short-term leases and leases of low-value assets***

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value are recognised as expense on a straight-line basis over the lease term.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Leases (Continued)

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as other income in the period in which they are earned.

3.9 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation. The land use rights are amortised on straight-line basis over their lease terms.

Following the adoption of SFRS(I) 16, land use rights are reclassified to right-of-use assets as at 1 January 2019.

3.10 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The Company assessed the useful lives of intangible assets as finite.

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.

3.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Impairment of non-financial assets (Continued)

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGU to which the individual assets are allocated.

Impairment losses are recognised in the profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

3.12 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses.

3.13 Financial instruments

(a) ***Financial assets***

Initial recognition and measurement

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

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. 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.

At initial recognition, the Group measures a financial asset at its fair value, plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Financial instruments (Continued)

(a) ***Financial assets*** (Continued)

Initial recognition and measurement (Continued)

Trade receivables 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 trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and contractual cash flow characteristics of the asset.

Amortised cost

Financial assets that are held for 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 though amortisation process.

De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for debt instruments is recognised in profit or loss.

(b) ***Financial liabilities***

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Financial instruments (Continued)

(b) ***Financial liabilities***

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

3.14 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs 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-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. 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 Group considers a financial asset in default when contractual payments are 30 days 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.

3.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and fixed deposits. These also include bank overdrafts that form an integral part of the Group's cash management. Pledged and restricted deposits are excluded for the purpose of the consolidated statement of cash flows.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Stocks

Stocks are stated at the lower of cost and net realisable value. Costs incurred in bringing the stocks to their present location and condition are accounted for as follows:

– Raw materials and packaging: purchase costs and other directly attributable costs, on a weighted average basis.

– Finished goods: costs include direct materials, direct labour and an appropriate proportionate of manufacturing overhead costs. These costs are assigned on a weighted average basis.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of stocks to the lower of cost and net realisable value.

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

3.17 Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.18 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred income on the balance sheet and is amortised to profit or loss over the useful life of the relevant asset.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises the related costs, for which the grants are intended to compensate, as expenses. Grants related to income are recognised in "other income".

3.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of that asset that takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Singapore subsidiaries make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

The employees of the subsidiaries in the PRC are required to participate in a defined contribution retirement scheme. The PRC subsidiaries are required to make contributions to a local social security bureau and housing fund management bureau, and charge to the profit or loss as incurred. The Group has no further obligations for payment of pension benefits beyond the annual contributions to the local social security bureau.

Termination benefit

Termination benefits are employee benefits for employees of the subsidiaries in the PRC provided in exchange for the termination of an employee's employment as a result of an entity's decision to terminate an employee's employment.

A liability and expense for termination benefits are recognised at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognises related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employment benefits and prevailing PRC regulations.

3.21 Non-current assets held for disposal 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.22 Revenue

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.

3.23 Taxes

(a) ***Current income tax***

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in the profit or loss except to the extent that the tax relates to items recognised outside the profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) ***Deferred tax***

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.23 Taxes (Continued)

(b) ***Deferred tax*** (Continued)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) ***Sales tax***

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

3.24 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.25 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

4.1 Judgement made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement which has the most significant effect on the amounts recognised in the consolidated financial statements:

(a) ***Assets and liability of disposal group***

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"). Based on legal advice received, while the Group's ownership of the Mining Assets was still valid as at 31 December 2017, the Chinese Government's order to cease operation of the Mining Assets and to vacate the Mining Assets is tantamount to an 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

4.1 Judgement made in applying accounting policies (Continued)

(a) ***Assets and liability of 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 2019, because of unexpected changes, the disposal of Mining Assets has not been completed. As disclosed on 15 November 2018, the negotiations had escalated from Sichuan Provincial Government to Ministry of Commerce of the Chinese Government ("MOFCOM") and MOFCOM had recommended to continue discussions on the appointment of independent valuer to value the Group's claims and the terms of reference of such engagement. Accordingly, the Group had submitted its proposal in relation to the appointment of the independent expert. The Chinese government has yet to respond to the Group's proposal. During the financial year, the Group has asked for the Singapore Government's assistance in raising this issue directly with the Chinese Government.

Insofar, the Group has cooperated fully with the Chinese Government in provision of the required information and remains committed to achieving a settlement with the Chinese Government.

Accordingly, due to the continuing discussions with the Chinese Government, the directors are of the view that it is 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 2019.

No adjustments have been made to the carrying value of these assets so as not to prejudice the Group's position in the ongoing discussion with the Chinese Government.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) ***Taxes***

The Group establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective entity's domicile. 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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

4.2 Key sources of estimation uncertainty (Continued)

(a) ***Taxes*** (Continued)

Deferred tax assets are recognised for all unutilised tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies. As at 31 December 2019, the Group had tax losses and deductible temporary differences of $15,295,000 (2018: $12,172,000) available for offset against future taxable profits of the companies in which the losses and temporary differences arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability.

The carrying amount of the Group's provision for taxation and deferred tax liabilities as at 31 December 2019 were $45,000 (2018: Nil) and $17,245,000 (2018: $17,287,000) respectively.

(b) ***Impairment of property, plant and equipment***

The Group assesses whether there are any indicators of impairment for property, plant and equipment at the end of each reporting period. Property, plant and equipment are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

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 fair value less costs to sell and its value in use. 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 is disclosed in Note 12.

(c) ***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.

Based on independent valuation of the mining assets, the fair value of the relevant assets is greater than their carrying value. Based on independent legal opinion, the settlement amount to be paid by a host state to an investor in the event of expropriation is based on the fair market value of the asset/(s) immediately before the expropriation event. However, uncertainties exist with respect to the recoverable amount as it is subjected to further negotiations or adjudication by arbitration.

The directors, based on currently available information, are of the opinion that the fair value less cost to sell is higher than the carrying amount of the assets held for disposal. Accordingly, no impairment loss was recorded in the consolidated income statement for FY2019 and FY2018. The carrying amount of assets of disposal group as at 31 December 2019 was $89,196,000 (2018: $89,795,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

4.2 Key sources of estimation uncertainty (Continued)

(d) ***Impairment of investment in subsidiaries***

The Company assesses at each reporting date whether there is an indication that the investment in subsidiaries may be impaired. This requires an estimation of the recoverable amount of the cash generating units. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Company's investment in subsidiaries as at 31 December 2019 was $45,449,000 (2018: $78,036,000).

(e) ***Provision of expected credit losses of trade receivables***

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 17.

The carrying amount of trade receivables as at 31 December 2019 is $40,000 (2018: $99,000).

5. REVENUE

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

The disaggregation of revenue recognised by nature and amount is disclosed in Note 30. The timing of transfer of goods is at a point in time.

6. OTHER INCOME

	Group	
	2019 $'000	**2018 $'000**
Sale of scrap	**151**	57
Rental income	**132**	–
Gain on disposal of property, plant and equipment	**49**	–
Interest income	**12**	8
Government grants and subsidy income[1]	**6**	51
Gains on financial asset held for trading	**–**	2
Amortisation of deferred income (Note 25)	**–**	40
Others	**1**	9
	351	167

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

7. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

The following items have been (charged)/credited in arriving at loss before tax from continuing operations:

	Group	
	2019	2018
	$'000	$'000
Audit fees*		
– Auditors of the Company	**(102)**	(144)
– Affiliates of auditors of the Company	**(63)**	(86)
Non-audit fees*		
– Auditors of the Company	**(17)**	(26)
Depreciation and amortisation expense		
– Property, plant and equipment	**(431)**	(959)
– Right-of-use asset	**(213)**	–
– Land use rights	**–**	(94)
Exchange gain*	**238**	170
Staff costs	**(445)**	(1,266)
Defined contribution plan	**(69)**	(465)
Termination of services of employees	**(321)**	(551)
Directors' fees*		
– Directors of the Company	**(141)**	(240)
– Directors of subsidiaries	**(21)**	(30)
Directors' remuneration*		
– Directors of the Company	**(219)**	(437)
– Directors of subsidiaries	**(312)**	(496)
Inventories written down	**(72)**	(1,364)
Gain/(loss) on disposal of property, plant and equipment	**49**	(94)
Provision for doubtful debts (charged)/written back		
– trade receivables	**(2)**	8
– other receivables	**–**	(30)
Finance costs		
– Interest on bank loan and bank overdraft	**(431)**	(393)
– Interest on lease liability	**(10)**	–
– Interest on loan due to a director	**(6)**	–
– Other interest expense	**(9)**	(65)
– Bank charges and other finance costs	**(18)**	(66)
Provision made for impairment of property, plant and equipment	**(2,177)**	(7,658)
Provision written back for impairment of property, plant and equipment	**613**	–

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

8. TAXATION

Major components of income tax expense/(credit)

The major components of income tax expense/(credit) for the financial years ended 31 December 2019 and 2018 are as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Current income tax – continuing operations		
– Under/(over) provision in respect of previous years	**45**	(8)
	45	(8)
Deferred income tax – continuing operations		
– Origination and reversal of temporary differences	**(16)**	(76)
Income tax expense/(credit) attributable to continuing operations	**29**	(84)
Income tax expense attributable to discontinued operation (Note 9)	**–**	–
Income tax expense/(credit) recognised in profit or loss	**29**	(84)

Relationship between PRC corporate tax rate and average effective tax rate

A reconciliation between the PRC corporate tax rate of the Company to the average effective tax rate of the Group for the years ended 31 December 2019 and 2018 is as follows:

	Group	
	2019	**2018**
	%	**%**
Taxation at the PRC corporate tax rate	**(25.00)**	(25.00)
Adjustments on tax effect of:		
Non-deductible expenses	**4.63**	1.32
Income not subject to taxation	**(1.31)**	(0.84)
Under/(over) provision in respect of previous years	**0.64**	(0.06)
Deferred tax assets not recognised	**22.04**	22.95
Differences in tax rates	**(0.42)**	1.42
Benefits of previously unrecognised tax losses	**–**	(0.36)
Others	**0.09**	–
Effective tax rate	**0.67**	(0.57)

9. DISCONTINUED OPERATION AND DISPOSAL GROUP

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 and the Fengtai Mine and the non-renewal of the Mine 1 mining and exploration licenses and non-renewal of the Fengtai Mine exploration license. Based on legal advice received, while the Group's ownership of the Mining Assets was still valid as at 31 December 2017, the Chinese Government's order to cease operation of the Mining Assets and to vacate the Mining Assets was tantamount to an 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, 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 "liability 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.

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 2019, because of unexpected changes, the disposal of Mining Assets has not been completed. As disclosed on 15 November 2018, the negotiations had escalated from Sichuan Provincial Government to Ministry of Commerce of the Chinese Government ("MOFCOM") and MOFCOM had recommended to continue discussions on the appointment of independent valuer to value the Group's claims and the terms of reference of such engagement. Accordingly, the Group had submitted its proposal in relation to the appointment of the independent expert. The Chinese Government has yet to respond to Group's proposal. During the financial year, the Group has asked for the Singapore Government's assistance in raising this issue directly with the Chinese Government.

Insofar, the Group has cooperated fully with the Chinese Government in provision of the required information and remains committed to achieving a settlement with the Chinese Government.

Accordingly, due to the continuing discussions with the Chinese Government, the directors are of the view that it is 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 2019.

Immediately before the classification to assets of disposal group on 30 November 2017, the recoverable amount of the mining assets was estimated. Based on independent valuation of the mining assets, the fair value of the relevant assets is greater than their carrying value. No impairment loss was identified for FY2019 and FY2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

9. DISCONTINUED OPERATION AND DISPOSAL GROUP (CONTINUED)

As a result, the directors are of the opinion that the fair market value less cost of disposal is higher than the carrying amount of the assets and liability of disposal group.

No adjustments have been made to the carrying value of these assets so as not to prejudice the Group's position in the ongoing discussions with the Chinese Government.

Balance sheet disclosures

	Group	
	2019 $'000	**2018 $'000**
Assets of disposal group:		
Mine properties	**65,232**	65,250
Mining related property, plant and equipment	**11,676**	12,050
Goodwill	**12,249**	12,249
Deposits for rehabilitation and mining levy	**39**	246
	89,196	89,795
Liability of disposal group:		
Provision for rehabilitation	**769**	795
Net assets of disposal group	**88,427**	89,000

Income statement disclosures:

The results of discontinued operation for the years ended 31 December 2019 and 2018 are as follows:

	Group	
	2019 $'000	**2018 $'000**
Revenue	**–**	2,064
Cost of sales	**–**	(1,211)
Gross profit	**–**	853
General and administrative costs	**168**	(1,598)
Finance costs	**–**	(64)
Profit/(loss) before tax from discontinued operation	**168**	(809)
Taxation	**–**	–
Profit/(loss) from discontinued operation, net of tax	**168**	(809)

During the year, provision for doubtful debts (net) of $466,000 was written back and included in "General and administrative costs" in the profit/(loss) from discontinued operation, net of tax.

Cash flow statement disclosures:

The cash flows attributable to the disposal group are as follows:

	Group	
	2019 $'000	**2018 $'000**
Operating/net cash inflows/(outflows)	**168**	(809)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

10. RIGHT-OF-USE ASSET

	Group		
	Land use rights	Office	Total
	$'000	$'000	$'000
At 1 January 2019	4,163	191	4,354
Additions	524	–	524
Depreciation expense	(102)	(111)	(213)
Currency realignment	(146)	–	(146)
At 31 December 2019	4,439	80	4,519

Right-of-use assets represent

i) cost of land use rights in respect of two plots of leasehold lands 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; and

ii) right of use to occupy an office space which was previously recognised as operating lease.

During the financial year, the Group received land use rights for a leasehold land in Mianzhu City, Sichuan Province, PRC, with licensed tenure of approximately 34 years.

Depreciation of right-of-use assets are recognised in the "General and administrative costs" in the consolidated statement of comprehensive income.

Assets pledged as security

At 31 December 2019, right-of-use assets with carrying value of $3,938,000 (RMB20,373,000) were pledged to secure the interest-bearing bank loans (Note 22).

11. LAND USE RIGHTS

	Group
	$'000
Cost	
At 1 January 2018	4,752
Currency realignment	(116)
At 31 December 2018 and 1 January 2019	4,636
Reclassified to right-of-use asset (Note 10)	(4,636)
At 31 December 2019	–
Accumulated amortisation	
At 1 January 2018	390
Amortisation for the year	94
Currency realignment	(11)
At 31 December 2018 and 1 January 2019	473
Reclassified to right-of-use asset (Note 10)	(473)
At 31 December 2019	–
Net carrying amount	
At 31 December 2019	–
At 31 December 2018	4,163

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

11. LAND USE RIGHTS (CONTINUED)

	2019 $'000	2018 $'000
Amount to be amortised:		
– Not later than one year	–	94
– Later than one year but not more than five years	–	376
– Later than five years	–	3,693
	–	4,163
Remaining useful lives	–	43 to 46 years

Land use rights represented cost of land use rights in respect of two plots of leasehold lands 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. Amortisation of land use rights were recognised in the "General and administrative costs" in the consolidated statement of comprehensive income.

With the adoption of SFRS(I) 16 Leases on 1 January 2019, the land use right was reclassified to right-of-use asset (Note 10).

Assets pledged as security

At 31 December 2018, land use rights with carrying value of $4,163,000 (RMB20,836,000) were pledged to secure the interest-bearing bank loans (Note 22).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

12. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings $'000	Buildings improvements $'000	Plant and machinery $'000	Motor vehicles and office equipment $'000	Construction-in-progress $'000	Total $'000
Cost						
At 1 January 2018	10,290	335	22,839	1,098	112	34,674
Additions	–	45	–	5	–	50
Disposals	–	–	(220)	(22)	–	(242)
Currency realignment	(251)	(3)	(617)	(17)	(2)	(890)
At 31 December 2018 and 1 January 2019	10,039	377	22,002	1,064	110	33,592
Disposals	–	–	(247)	(109)	–	(356)
Currency realignment	(327)	(4)	(798)	(20)	(4)	(1,153)
At 31 December 2019	9,712	373	20,957	935	106	32,083
Accumulated depreciation and impairment loss						
At 1 January 2018	1,710	269	6,628	905	–	9,512
Charge for the year	490	40	337	92	–	959
Impairment loss	1,924	–	5,622	–	112	7,658
Disposals	–	–	(86)	(22)	–	(108)
Currency realignment	(89)	(3)	(328)	(14)	(2)	(436)
At 31 December 2018 and 1 January 2019	4,035	306	12,173	961	110	17,585
Charge for the year	368	52	6	5	–	431
Impairment loss	682	–	1,494	1	–	2,177
Impairment written back	(44)	–	(567)	(2)	–	(613)
Disposals	–	–	(231)	(109)	–	(340)
Currency realignment	(155)	(4)	(478)	(17)	(4)	(658)
At 31 December 2019	4,886	354	12,397	839	106	18,582
Net carrying amount						
At 31 December 2019	4,826	19	8,560	96	–	13,501
At 31 December 2018	6,004	71	9,829	103	–	16,007

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Assets pledged as security

At 31 December 2019, property, plant and equipment of the Group with a carrying amount of $14,109,000 (RMB72,991,000) (2018: $16,506,000 (RMB82,613,000)) are pledged to secure the interest-bearing bank loans (Note 22).

Impairment testing

Elemental phosphorus ("P4") plant

The Group stopped the production of 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 2019, 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 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. Remaining parts of the P4 plant that were not included in the valuation reports were related to shared and peripheral assets which were fully written down in the previous financial year.

After considering the unamortised deferred income (Note 25) in the impairment assessment, impairment charge of $2,177,000 (RMB11,014,000) (2018: $5,217,000 (RMB25,601,000)) was recognised in "Other expense" line item of the consolidated income statement for the financial year ended 31 December 2019.

Sodium Tripolyphosphate ("STPP") plant

Due to the Group's intention to dispose the land that is surplus to the Group's current operating requirements, the carrying value of the STPP plant, which is located on the said land, was written down to its estimated scrap value less cost of disposal. Peripheral and shared assets were fully written down as at 31 December 2018. Accordingly, impairment charge of $2,441,000 (RMB11,976,000) was recognised in "Other expenses" line item of the consolidated income statement for the financial year ended 31 December 2018.

In the current financial year, the Group leased the STPP plant to a third party for $198,000 (RMB1,000,000) per annum for a period of 4 years from 8 May 2019, with the option to extend for another 3 years upon the expiry. The Group computed the estimated recoverable amount from the rental of the plant. As a result, impairment charge of $613,000 (RMB3,101,000) was written back and recognised in "Other expenses" line item of the consolidated income statement for the financial year ended 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

13. OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Non-current				
Payments made in respect of				
– Land use rights	**–**	514	**–**	–
– Plant and equipment	**159**	165	**–**	–
Refundable deposits	**34**	34	**–**	–
	193	713	**–**	–
Current				
Miscellaneous prepayments	**248**	517	**30**	107
Other receivables	**145**	232	**10**	5
	393	749	**40**	112

During the financial year, the Group received land use rights for a leasehold land in Mianzhu City, Sichuan Province, PRC. Accordingly, the prepayments made in respect of land use rights was reclassified to right-of-use asset (Note 10).

Prepayments made for plant and equipment relate to payments made for the purchase of plant and equipment.

Other receivables are denominated in the functional currencies of the respective entities at the end of the reporting period. Other receivables are unsecured, interest-free and repayable on demand.

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:

	Group		Company	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Other receivables – nominal amounts	**21**	70	**–**	–
Less: Allowance for doubtful receivables	**(21)**	(70)	**–**	–
	–	–	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

13. OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

Movements in allowance for doubtful receivables:

	Group		Company	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
At 1 January	**70**	41	**–**	–
Charge for the year				
– Continuing operations	**–**	30	**–**	–
– Discontinued operation	**21**	–	**–**	–
Utilised during the year	**(70)**	–	**–**	–
Currency realignment	*****	(1)	**–**	–
At 31 December	**21**	70	**–**	–

* denotes amount less than $1,000.

14. INTANGIBLE ASSET

	Group $'000
Cost	
At 1 January 2018	160
Currency realignment	(4)
At 31 December 2018 and 1 January 2019	156
Currency realignment	(5)
At 31 December 2019	151
Accumulated amortisation	
At 1 January 2018	160
Currency realignment	(4)
At 31 December 2018 and 1 January 2019	156
Currency realignment	(5)
At 31 December 2019	151
Net carrying amount	
At 31 December 2018 and 31 December 2019	–

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 2019

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2019 **$'000**	**2018** **$'000**
Unquoted shares, at cost:		
At 1 January	**78,036**	78,036
Written off during the year	**(32,587)**	–
At 31 December	**45,449**	78,036

a. Composition of the Group

Name of company (Country of registration)	Principal activities (Place of business)	Proportion (%) of ownership interest	
		2019	**2018**
Held by the Company			
Norwest Chemicals Pte Ltd# (Republic of Singapore)	Investing in chemical projects, general wholesale trade and trading of chemicals (Republic of Singapore)	**100**	100
AsiaPhos Resources Pte. Ltd.^^ (Republic of Singapore)	Investment holding (Republic of Singapore)	**100**	100
APC Limited^* (Hong Kong)	Investment holding (Hong Kong)	**–**	100
Held through Norwest Chemicals Pte Ltd			
Sichuan Mianzhu Norwest Phosphate Chemical Co., Ltd + (People's Republic of China)	Exploration, mining and sale of phosphate rocks, the production and sale of phosphorus and phosphate based chemical products (People's Republic of China)	**100**	100
XDL Resources Pte. Ltd.# (Republic of Singapore)	Investment holding (Republic of Singapore)	**100**	100
Held through AsiaPhos Resources Pte. Ltd.			
LY Resources Pte. Ltd.^^ (Republic of Singapore)	Investment holding (Republic of Singapore)	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

a. Composition of the Group (Continued)

Name of company (Country of registration)	Principal activities (Place of business)	Proportion (%) of ownership interest 2019	2018
Held through LY Resources Pte. Ltd.			
Deyang Xin Zhong Lian He Technical Consulting Co., Ltd.* (People's Republic of China)	Mining activities, internet technology consulting services and wholesale of mineral products (People's Republic of China)	–	100
Held through XDL Resources Pte. Ltd.			
Deyang City Xianrong Technical Consulting Co., Ltd.^ (People's Republic of China)	Mining activities, internet technology consulting services, and wholesale of mineral products; and transportation services. (People's Republic of China)	**100**	100
Held through Deyang City Xianrong Technical Consulting Co., Ltd.			
Deyang Fengtai Mining Co., Ltd.+ (People's Republic of China)	Sale of mineral products (People's Republic of China)	**55**	55

\# Audited by Ernst & Young LLP, Singapore
\+ Audited by Ernst & Young Hua Ming LLP, Chengdu Branch for consolidation purpose
^ No audit is required
^^ In the process of winding up
* Struck off during the year

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

15. **INVESTMENT IN SUBSIDIARIES** (CONTINUED)

b. 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 2018 and 31 December 2019					
Deyang Fengtai Mining Co., Ltd.	People's Republic of China	45%	–	9,463	–

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

Summarised financial information (without adjusting for the Group's proportionate interest) of Deyang Fengtai Mining Co., Ltd. excluding goodwill and before eliminations of intercompany balances are as follows:

Summarised balance sheet

	2019 $'000	2018 $'000
Current assets	**29,022**	29,068
Current liabilities	**(1,260)**	(1,249)
Net current assets	**27,762**	27,819
Non-current liabilities	**(6,995)**	(6,995)
Net assets	**20,767**	20,824
Summarised statement of comprehensive income		
Loss before taxation	**(64)**	(64)
Loss after taxation representing total comprehensive income for the year	**(64)**	(64)
Other summarised information		
Net cash flows from operating activities	**(64)**	(64)
Net cash flows from financing activities	**53**	77

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

16. STOCKS

	Group	
	2019 $'000	2018 $'000
Balance sheet		
Raw materials and packaging, at cost or net realisable value	**40**	254
Finished goods, at cost or net realisable value	**40**	187
	80	441
Consolidated statement of comprehensive income		
Stocks recognised as an expense in cost of sales		
– Continuing operations	**806**	20,653
– Discontinued operation	**–**	1,211
Stocks recognised as an expense in continuing operation		
– Inventories written down	**72**	1,364

17. TRADE RECEIVABLES

	Group	
	2019 $'000	2018 $'000
Trade receivables, gross	**723**	1,274
Allowance for expected credit losses	**(683)**	(1,175)
	40	99

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.

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group	
	2019 $'000	2018 $'000
At 1 January	**1,175**	61
Provision made/(written back) for the year		
– Continuing operations	**2**	(8)
– Discontinued operation	**(466)**	1,173
Currency realignment	**(28)**	(51)
At 31 December	**683**	1,175

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

18. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2019 $'000	**2018 $'000**
Amounts due from subsidiaries		
– Advances	**10**	3,735
– Non-trade	**42**	1,794
– Interest receivable	**–**	567
Allowance for doubtful receivables	**–**	(429)
	52	5,667
Amounts due to subsidiaries		
– Advances	**(480)**	(68)
– Non-trade	**(2,216)**	(2,164)
	(2,696)	(2,232)

The movement in allowance for expected credit losses of amounts due from subsidiaries computed based on lifetime ECL are as follows:

	Company 2019	Company 2018
At 1 January	**429**	–
Provision made for the year	**5,604**	429
Provision utilised for the year	**(6,033)**	–
At 31 December	**–**	429

Amounts due from/(to) subsidiaries are unsecured, repayable on demand and are to be settled in cash. Non-trade amounts due from/(to) subsidiaries are non-interest bearing. In the previous financial year, except for an amount of $50,000, interest was charged on advances made to subsidiaries at 5% per annum.

19. CASH AND BANK BALANCES

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

	Group		Company	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Cash and bank balances	**881**	2,455	**67**	413
Less: Pledged deposit for bank loans	**(281)**	(302)	**–**	–
Less: Restricted deposits	**(204)**	–	**–**	–
Cash and cash equivalents	**396**	2,153	**67**	413

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits were made for varying periods of between one and three months depending on the immediate cash requirements of the Group and earn interest at the annual interest rate of 0.71% (2018: 0.52%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

19. CASH AND BANK BALANCES (CONTINUED)

Pledged deposit relates to balance in a bank account which can only be used for payment of interest on bank loan (Note 22).

During the financial year, 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 other than the functional currency of the respective entities at 31 December are as follows:

	Group		Company	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
United States Dollar ("USD")	**145**	94	**27**	15
Euro	**1**	49	**1**	49

20. TRADE PAYABLES

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

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

21. OTHER PAYABLES

	Group		Company	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Payables related to:				
– Taxes other than income tax	**1,313**	1,191	**–**	–
– Payroll and welfare payable	**129**	203	**–**	–
– Property, plant and equipment	**212**	242	**–**	–
Other payables	**325**	450	**26**	60
Accrued liabilities	**561**	714	**214**	301
	2,540	2,800	**240**	361

Other payables are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Other payables were denominated in the functional currencies of the respective entities at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

22. INTEREST-BEARING BANK LOANS

	Group	
	2019	**2018**
	$'000	**$'000**
Short term bank loans	**6,004**	6,306

The fixed-rate bank loans are denominated in RMB, bear interest at 6.53% to 7.0% (2018: 6.5% to 7.0%) per annum and are repayable on their maturity dates in January 2020 and December 2020 (2018: January 2019 and December 2019).

The bank loans were secured by land use rights (Note 11), certain property, plant and equipment (Note 12) and pledged deposit (Note 19). The Company has also provided a corporate guarantee for bank loan of $4,071,000 (RMB21,060,000) (2018: $4,308,000 (RMB21,561,000)).

A reconciliation of liabilities arising from the Group's financing activities is as follows:

	At 1 January	**Cash flows**	**Non-cash changes**		**At 31 December**
Group			**Foreign exchange movement**	**Accretion of interest**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
2019					
Short term bank loans	**6,306**	**(99)**	**(203)**	**–**	**6,004**
Lease liability	**191**	**(135)**	**–**	**10**	**66**
Loan due to a director (Note 23)	**–**	**200**	**–**	**–**	**200**
	6,497	**(34)**	**(203)**	**10**	**6,270**
2018					
Short term bank loans	6,963	(497)	(160)	–	6,306

23. LOAN DUE TO A DIRECTOR

During the financial year, one of the directors extended a loan of $200,000 to the Company. The loan is unsecured, repayable on demand and bears interest at 8% per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

24. LEASE LIABILITY

	Group
	$'000
At 1 January 2019	**191**
Payments	**(135)**
Accretion of interest	**10**
At 31 December 2019	**66**

25. DEFERRED INCOME

	Group	
	2019 $'000	**2018** $'000
At 1 January	**1,945**	2,034
Recognised in profit or loss during the year	**–**	(40)
Currency realignment	**(63)**	(49)
At 31 December	**1,882**	1,945

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

26. DEFERRED TAX LIABILITIES

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

Group	Deferred income $'000	Unremitted foreign income $'000	Difference in depreciation for tax purpose $'000	Fair value adjustments on acquisition of subsidiary $'000	Total $'000
At 1 January 2018	(509)	42	1,468	16,384	17,385
Charge/(credit) to profit or loss during the year	10	–	(86)	–	(76)
Currency realignment	12	–	(34)	–	(22)
Deferred tax (asset)/liabilities at 31 December 2018	(487)	42	1,348	16,384	17,287
Charge/(credit) to profit or loss during the year	–	67	(83)	–	(16)
Currency realignment	16	–	(42)	–	(26)
Deferred tax (assets)/liabilities at 31 December 2019	(471)	109	1,223	16,384	17,245

26. DEFERRED TAX LIABILITIES (CONTINUED)

Unrecognised tax losses and deductible temporary difference

As at 31 December 2019, the Group has tax losses and deductible temporary differences totaling approximately $15,295,000 (2018: $12,172,000) to offset against future taxable profits of the companies in which the losses and temporary differences arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The tax losses have no expiry date but the use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

27. SHARE CAPITAL

	Group and Company			
	2019		2018	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and paid-up ordinary shares				
At 1 January and 31 December	**1,031,525**	**78,283**	1,031,525	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.

Rights cum Warrants Issue

On 30 December 2016, the Company announced a renounceable non-underwritten rights issue (the "Rights cum Warrants Issue") of up to 112,664,875 new ordinary shares in the capital of the Company (the "Rights Shares") at an issue price of $0.08 for each Rights Share, with up to 112,664,875 free detachable and transferable warrants (the "Warrants"), each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company ("New Share") at the exercise price of $0.08 for each New Share ("Exercise Price"), on the basis of one (1) Rights Share with one (1) Warrant for every eight (8) existing ordinary shares in the capital of the Company ("Shares") held by the shareholders of the Company.

On 24 March 2017, the Company completed the issuance of 112,664,875 Rights Shares and 112,664,875 Warrants for cash consideration of $9,013,000.

Principal Terms of the Warrants

The Warrants were issued free with the Rights Shares on the basis of one (1) Warrant for every one (1) Rights Share successfully subscribed for, fractional entitlements, if any, to be disregarded.

Each Warrant carries the right to subscribe for one (1) New Share at the Exercise Price of $0.08 for each New Share within the period commencing on and including the date of issue of the Warrants and expiring on 23 March 2020 being the date immediately preceding the third (3rd) anniversary of the date of issue of the Warrants (the "Exercise Period").

As at 31 December 2019 and 2018, the Company has 95,124,065 outstanding Warrants, exercisable into 95,124,065 New Shares.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

28. RESERVES

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Retained earnings	**(10,086)**	(5,687)	**(35,811)**	3,352
Foreign currency translation reserve	**(329)**	619	**–**	–
Merger reserve	**850**	850	**–**	–
Safety fund surplus reserve	**1,550**	1,550	**–**	–
	(8,015)	(2,668)	**(35,811)**	3,352

(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 Group'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.

29. (LOSS)/EARNINGS PER SHARE

(a) (Loss)/earnings per share computations

The basic and diluted (loss)/earnings per share are calculated by dividing the (loss)/profit for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic (loss)/earnings per share computation, and by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares, respectively.

29. (LOSS)/EARNINGS PER SHARE (CONTINUED)

(a) (Loss)/earnings per share computations (Continued)

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

	Group		
	Loss from continuing operations, net of tax	Profit/(loss) from discontinued operation, net of tax	Loss for the year
	$'000	$'000	$'000
2019	**(4,557)**	**168**	**(4,389)**
2018	(13,906)	(809)	(14,715)

	Group	
	2019	2018
	'000	'000
Weighted average number of ordinary shares for basic and diluted (loss)/earnings per share computation	**1,031,525**	1,031,525

(b) Continuing operations

Basic and diluted loss per share from continuing operations are calculated by dividing the loss from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding for basic loss per share computation and weighted average number of ordinary shares for diluted loss per share computation respectively. The loss and share data are presented in the tables in Note 29(a) above.

(c) Discontinued operation

Basic and diluted earnings/(loss) per share from discontinued operation are calculated by dividing the profit/(loss) from discontinued operation, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic (loss)/earnings per share computation and weighted average number of ordinary shares for diluted earnings/(loss) per share computation respectively. The profit/(loss) and share data are presented in the tables in Note 29(a) above.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

30. 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.

	Upstream (discontinued)		**Downstream**		**Adjustments and eliminations**		**Note**	**Per consolidated financial statements**	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**		**2019 $'000**	**2018 $'000**
Consolidated statement of comprehensive income									
Revenue – external	**–**	2,064	**1,019**	21,528	**–**	(2,064)	A, B	**1,019**	21,528
Gain/(loss) on disposal of property, plant and equipment	**–**	–	**24**	(94)	**25**	–	C	**49**	(94)
Depreciation and amortisation expense	**–**	–	**(644)**	(823)	**–**	(230)	C	**(644)**	(1,053)
Interest income	**–**	–	**–**	–	**12**	8	C	**12**	8
Interest expense	**–**	(64)	**–**	–	**(456)**	(394)	B, C	**(456)**	(458)
Fair value gains on financial asset held for trading	**–**	–	**–**	–	**–**	2	C	**–**	2
Termination of services of employees	**–**	(21)	**(77)**	(462)	**(244)**	(68)	B, C	**(321)**	(551)
Provision made for impairment of property, plant and equipment	**–**	–	**(2,177)**	(6,087)	**–**	(1,571)	C	**(2,177)**	(7,658)
Provision written back for impairment of property, plant and equipment	**–**	–	**613**	–	**–**	–	C	**613**	–
Provision (made)/written back for doubtful receivables and prepayments, net	**338**	(1,173)	**(2)**	8	**(338)**	1,143	B, C	**(2)**	(22)
Segment profit/(loss) before tax	**168**	(809)	**(1,929)**	(8,449)	**(2,767)**	(4,732)	D	**(4,528)**	(13,990)
Assets									
Additions to non-current assets	**–**	–	**–**	–	**191**	50	E	**191**	50

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

30. SEGMENT INFORMATION (CONTINUED)

Notes 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:

	Group	
	2019	**2018**
	$'000	**$'000**
Segment results of discontinued operation	**(168)**	809
Depreciation and amortisation	**–**	(230)
Gain on disposal of property, plant and equipment	**25**	–
Interest income	**12**	8
Government grant and subsidy income	**6**	51
Gains on financial asset held for trading	**–**	2
Exchange gain	**238**	170
Termination of services of employees	**(244)**	(89)
Provision for impairment on property, plant and equipment	**–**	(1,571)
Interest expense	**(456)**	(458)
Other corporate expenses	**(2,180)**	(3,424)
	(2,767)	(4,732)

Other corporate expenses include salaries and related costs, professional fees and other office and corporate related expenses.

E Additions to non-current assets comprise additions to right-of-use asset and property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

30. SEGMENT INFORMATION (CONTINUED)

Geographical information (Continued)

Revenue information based on the geographical location of customers and non-current assets are as follows:

	Group			
	Revenue		Non-current assets	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
People's Republic of China	**316**	22,440	**18,077**	20,769
Singapore	**–**	–	**136**	114
India	**386**	–	**–**	–
United States of America	**175**	1,006	**–**	–
Others	**142**	146	**–**	–
	1,019	23,592	**18,213**	20,883
Less: discontinued operation	**–**	(2,064)	**–**	–
Total	**1,019**	21,528	**18,213**	20,883

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.

Information about major customers

	Group			
	2019		2018	
	$'000	%	$'000	%
Customer A[(1)]	**386**	**38%**	–	–
Customer B[(1)]	**175**	**17%**	538	2%

(1) downstream segment

There were no single customer whose sales represented more than 10% of the Group's revenue in FY2018.

Information about products

Revenue information based on products is as follows:

	Group	
	2019 $'000	2018 $'000
Elemental phosphorus and its by-products	**15**	19,912
Sodium Tripolyphosphate	**564**	1,187
Sodium Hexametaphosphate	**88**	104
Sodium Trimetaphosphate	**352**	281
Others*	**–**	44
Revenue from continuing operations	**1,019**	21,528
Revenue from discontinued operation	**–**	2,064
	1,019	23,592

* Others represent trading revenue from other phosphate chemicals.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

31. 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

	Group	
	2019 **$'000**	**2018** **$'000**
Short-term employee benefits	**665**	1,156
Central Provident Fund contributions	**28**	47
	693	1,203
Comprise amounts paid to:		
Directors of the Company	**360**	677
Other key management personnel	**333**	526
	693	1,203

Transactions with director

During the financial year, one of the directors extended a loan of $200,000 to the Company. The loan is unsecured, repayable on demand and will bear interest at 8% per annum. For FY2019, the interest accrued to the director amounted to $6,000.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk. The Group's overall business strategies, its tolerance of risks and its general risk management philosophy are determined by management in accordance with the prevailing economic and operating conditions. The Board of Directors reviews and agrees on risk management policies, which are executed by the management. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been, throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For cash and bank balances, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

The Group's objective is to seek continued revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who trade on credit terms are subject to credit verification procedures.

Customers of the Group's phosphate rocks are usually required to make advance payment before they can take delivery of phosphate rocks. The Group generally requires customers of the downstream phosphate-based chemical products to make payment within 30 to 60 days from the delivery of the products, except new customers where payment in advance is normally required.

The Group maintains strict control over its outstanding receivables and overdue balances are reviewed regularly by management. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments within 30 days after they fall due.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

– Actual or significant adverse changes in business, financial and economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;

– Actual or expected significant changes in the operating results of the borrower;

– Significant changes in the expected performance and behavior of the borrower, including changes in payment status of borrowers and changes in operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

– There is significant difficulty of the issuer or the borrower; or

– A breach of contract, such as a default or past due event; or

– It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. The expected credit losses also incorporate forward looking information such as forecast of economic conditions.

Summarised below is the information about the credit risk exposure on the Group's trade receivables using provision matrix.

	Current	Less than 30 days past due	31 to 60 days past due	61 to 90 days past due	More than 91 days past due	Total
	$'000	$'000	$'000	$'000	$'000	$'000
31.12.2019						
Gross carrying amount	**26**	**–**	**2**	**7**	**688**	**723**
Loss allowance provision	**–**	**–**	*****	*****	**683**	**683**
31.12.2018						
Gross carrying amount	24	15	2	15	1,218	1,274
Loss allowance provision	–	*	*	*	1,175	1,175

* denotes amount less than $1,000.

Information regarding loss allowance movement of trade receivables are disclosed in Note 17.

Exposure to credit risk

The carrying amounts of financial assets disclosed in Note 33 represent the Group's maximum exposure to credit risk.

Credit risk concentration profile

Concentrations of credit risk are managed by customers. 100% (2018: 86%) as of the Group's trade receivables were due from 4 (2018: 5) customers at the end of the reporting period.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and bank balances are placed with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17 (Trade receivables) and Note 13 (Other receivables and prepayments).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets used for managing liquidity risk and financial liabilities at the end of the financial reporting period based on contractual undiscounted payments obligations.

Group	One year or less	One to five years	Over five years	Total
	$'000	**$'000**	**$'000**	**$'000**
2019				
Financial assets				
Trade receivables	**40**	**–**	**–**	**40**
Other receivables	**145**	**34**	**–**	**179**
Cash and bank balances	**881**	**–**	**–**	**881**
Total undiscounted financial assets	**1,066**	**34**	**–**	**1,100**
Financial liabilities				
Trade payables	**(67)**	**–**	**–**	**(67)**
Other payables	**(1,227)**	**–**	**–**	**(1,227)**
Interest-bearing bank loans	**(6,282)**	**–**	**–**	**(6,282)**
Loan due to a director	**(216)**	**–**	**–**	**(216)**
Lease liability	**(67)**	**–**	**–**	**(67)**
Total undiscounted financial liabilities	**(7,859)**	**–**	**–**	**(7,859)**
Total net undiscounted financial (liabilities)/assets	**(6,793)**	**34**	**–**	**(6,759)**
2018				
Financial assets				
Trade receivables	99	–	–	99
Other receivables	232	34	–	266
Cash and bank balances	2,455	–	–	2,455
Total undiscounted financial assets	2,786	34	–	2,820
Financial liabilities				
Trade payables	(73)	–	–	(73)
Other payables	(1,609)	–	–	(1,609)
Interest-bearing bank loans	(6,593)	–	–	(6,593)
Total undiscounted financial liabilities	(8,275)	–	–	(8,275)
Total net undiscounted financial (liabilities)/assets	(5,489)	34	–	(5,455)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

Company	One year or less	One to five years	Over five years	Total
	$'000	**$'000**	**$'000**	**$'000**
2019				
Financial assets				
Other receivables	**10**	**–**	**–**	**10**
Amounts due from subsidiaries	**52**	**–**	**–**	**52**
Cash and bank balances	**67**	**–**	**–**	**67**
Total undiscounted financial assets	**129**	**–**	**–**	**129**
Financial liabilities				
Other payables	**(240)**	**–**	**–**	**(240)**
Loan due to a director	**(216)**	**–**	**–**	**(216)**
Amounts due to subsidiaries	**(2,696)**	**–**	**–**	**(2,696)**
Total undiscounted financial liabilities	**(3,152)**	**–**	**–**	**(3,152)**
Total net undiscounted financial liabilities	**(3,023)**	**–**	**–**	**(3,023)**
2018				
Financial assets				
Other receivables	5	–	–	5
Amounts due from subsidiaries	5,667	–	–	5,667
Cash and bank balances	413	–	–	413
Total undiscounted financial assets	6,085	–	–	6,085
Financial liabilities				
Other payables	(361)	–	–	(361)
Amounts due to subsidiaries	(2,232)	–	–	(2,232)
Total undiscounted financial liabilities	(2,593)	–	–	(2,593)
Total net undiscounted financial assets	3,492	–	–	3,492

(c) Foreign currency risk

The Group has transactional currency exposures arising from sales that are denominated in a currency other than the respective functional currencies of the Group's entities, namely SGD and RMB. The foreign currency in which these transactions are denominated is mainly USD.

In FY2019, approximately 69% (2018: 4%) of the Group's sales were denominated in USD whilst almost 100% of operating costs were denominated in the respective functional currencies of the Group's entities. Amount denominated in currency other than the functional currencies of the respective entities at the end of reporting period are disclosed in Note 13 and 19. The Group does not enter into any hedging transactions to manage the potential fluctuation in foreign currency as the risk is monitored on an ongoing basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Foreign currency risk (Continued)

The Group does not have any significant exposure to the risk of fluctuation in the exchange rate between RMB against USD or SGD against USD, as a possible change of 5% in RMB against USD or SGD against USD would have no significant financial impact on the Group's financial performance.

The Group's exposure to the risk of changes in foreign exchange rates mainly arises from RMB denominated balances held by Singapore entities within the Group and SGD denominated balances held by a PRC subsidiary. At 31 December 2019, if RMB strengthened/weakened against Singapore Dollar by 5% (2018: 5%), with all other variables held constant, the Group's net loss before tax would have increased/decreased by $421,000 (2018: $403,000).

The Group is also exposed to currency translation risk arising from its net investment in PRC operations. The Group's net investments in PRC is not hedged as currency position in RMB is considered to be long-term in nature. Such translation gains/losses are of unrealised nature and do not impact current year results unless the underlying assets or liabilities of the PRC subsidiaries are disposed.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

33. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

Set out below is a comparison by category of carrying amounts of all of the Group's financial instruments that are carried in the financial statements:

Classification of financial instruments

Group	Financial assets at amortised cost	Financial liabilities at amortised cost	Non-financial assets/ (liabilities)	Total
	$'000	$'000	$'000	$'000
2019				
Assets				
Right-of-use assets	–	–	4,519	4,519
Property, plant and equipment	–	–	13,501	13,501
Other receivables	179	–	–	179
Prepayments	–	–	407	407
Stocks	–	–	80	80
Trade receivables	40	–	–	40
Cash and bank balances	881	–	–	881
Assets of disposal group	–	–	89,196	89,196
	1,100	–	107,703	108,803
Liabilities				
Trade payables	–	(67)	–	(67)
Other payables	–	(1,227)	(1,313)	(2,540)
Advances from customers	–	–	(209)	(209)
Interest-bearing bank loans	–	(6,004)	–	(6,004)
Loan due to a director	–	(200)	–	(200)
Lease liability	–	(66)	–	(66)
Provision for taxation	–	–	(45)	(45)
Liability of disposal group	–	–	(769)	(769)
Deferred tax liabilities	–	–	(17,245)	(17,245)
Deferred income	–	–	(1,882)	(1,882)
Provision for reinstatement cost	–	–	(45)	(45)
	–	(7,564)	(21,508)	(29,072)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

33. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Classification of financial instruments (Continued)

Group	Financial assets at amortised cost $'000	Financial liabilities at amortised cost $'000	Non-financial assets/ (liabilities) $'000	Total $'000
2018				
Assets				
Land use rights	–	–	4,163	4,163
Property, plant and equipment	–	–	16,007	16,007
Other receivables	266	–	–	266
Prepayments	–	–	1,196	1,196
Stocks	–	–	441	441
Trade receivables	99	–	–	99
Cash and bank balances	2,455	–	–	2,455
Assets of disposal group	–	–	89,795	89,795
	2,820	–	111,602	114,422
Liabilities				
Trade payables	–	(73)	–	(73)
Other payables	–	(1,609)	(1,191)	(2,800)
Advances from customers	–	–	(93)	(93)
Interest bearing bank loans	–	(6,306)	–	(6,306)
Liability of disposal group	–	–	(795)	(795)
Deferred tax liabilities	–	–	(17,287)	(17,287)
Deferred income	–	–	(1,945)	(1,945)
Provision for reinstatement cost	–	–	(45)	(45)
	–	(7,988)	(21,356)	(29,344)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

33. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Classification of financial instruments (Continued)

Company	Financial assets at amortised cost	Financial liabilities at amortised cost	Non-financial assets	Total
	$'000	$'000	$'000	$'000
2019				
Assets				
Investment in subsidiaries	–	–	45,449	45,449
Other receivables	10	–	–	10
Prepayments	–	–	30	30
Amounts due from subsidiaries	52	–	–	52
Cash and bank balances	67	–	–	67
	129	–	45,479	45,608
Liabilities				
Other payables	–	(240)	–	(240)
Loan due to a director	–	(200)	–	(200)
Amounts due to subsidiaries	–	(2,696)	–	(2,696)
	–	(3,136)	–	(3,136)
2018				
Assets				
Investment in subsidiaries	–	–	78,036	78,036
Other receivables	5	–	–	5
Prepayments	–	–	107	107
Amounts due from subsidiaries	5,667	–	–	5,667
Cash and bank balances	413	–	–	413
	6,085	–	78,143	84,228
Liabilities				
Other payables	–	(361)	–	(361)
Amounts due to subsidiaries	–	(2,232)	–	(2,232)
	–	(2,593)	–	(2,593)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

34. FAIR VALUE OF ASSETS AND LIABILITIES

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 bank balances, current trade and other receivables, trade and other payables, interest-bearing bank loans, lease liability, loan due to a director and amounts due from/(to) subsidiaries reasonably approximate their fair values because these are mostly short-term in nature or are re-priced frequently.

35. COMMITMENTS

Corporate guarantee

The Company has provided a corporate guarantee for a bank loan of $4,071,000 (RMB21,060,000) (2018: $4,308,000 (RMB21,561,000) (Note 22) drawn down by a subsidiary.

36. CAPITAL MANAGEMENT

Capital includes debt and equity items as discussed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

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 FY2019 and FY2018.

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, less cash and bank balances. Capital includes equity attributable to the owners of the Company, excluding non-controlling interest. In FY2019, the capital management policy of the Group is to keep the gearing ratio below 40% (2018: 40%).

	Group	
	2019 **$'000**	**2018** **$'000**
Trade payables	**67**	73
Other payables	**2,540**	2,800
Advances from customers	**209**	93
Interest-bearing bank loans	**6,004**	6,306
Lease liability	**66**	–
Loan due to a director	**200**	–
Less: Cash and bank balances	**(881)**	(2,455)
Net debt	**8,205**	6,817
Total capital	**70,268**	75,615
Capital and net debt	**78,473**	82,432
Gearing ratio	**10%**	8%

37. EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) Interest-bearing bank loans

In January 2020, the Group has successfully rolled over two existing interest-bearing bank loans which were due in January 2020. The principal value of the loans is $1,933,000 (RMB10,000,000), with interest of 6.53% per annum. The new loans will expire in January 2021.

(b) Receipt of outstanding balance from customer

In February 2020 and March 2020, the Group received $387,000 (RMB2 million) and $329,000 (RMB1.7 million), respectively, in the form of bill receivables for settlement of the outstanding balance as well as the interest on late payment.

(c) Application for renewal of Mine 2 mining right

The Group had on 2 January 2020, submitted an application to the Sichuan Provincial Authority for the renewal of the Mine 2 Mining Right (the "Application") which expired on 9 January 2020. On the same day, the Group received a notice from the Department of Natural Resources of Sichuan Province informing that additional information is required to be submitted in order for the application to be considered.

38. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 3 April 2020.

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 16 March 2020)

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 16 March 2020.

(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 16 March 2020

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	8	0.76	253	0.00
100 – 1,000	33	3.15	20,000	0.00
1,001 – 10,000	135	12.91	899,100	0.09
10,001 – 1,000,000	799	76.39	129,652,183	12.57
1,000,001 AND ABOVE	71	6.79	900,953,149	87.34
TOTAL	**1,046**	**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	OCBC SECURITIES PRIVATE LIMITED	21,404,125	2.07
7	RAFFLES NOMINEES (PTE.) LIMITED	18,273,250	1.77
8	UOB KAY HIAN PRIVATE LIMITED	11,718,900	1.14
9	LEE WENG LEONG	11,502,000	1.12
10	KOH LI HAN ERIC (XU LIHAN)	10,800,000	1.05
11	WATERWORTH PTE LTD	10,000,000	0.97
12	WONG LAI LENG SERENE	9,700,000	0.94
13	ONG HIAN ENG	9,024,394	0.87
14	CITIBANK NOMINEES SINGAPORE PTE LTD	8,849,661	0.86
15	KONG SOU YAN	8,825,800	0.86
16	PHILLIP SECURITIES PTE LTD	7,760,450	0.75
17	HENG PAUL STEPHEN	5,381,000	0.52
18	ONG ENG KEONG (WANG RONGKANG)	5,373,841	0.52
19	ONG BEE KUAN MELISSA (WANG MEIJUAN MELISSA)	5,367,190	0.52
20	HWA HONG EDIBLE OIL INDUSTRIES PTE LTD	5,000,042	0.48
	TOTAL	**790,007,546**	**76.59**

STATISTICS OF SHAREHOLDINGS

As at 16 March 2020

PUBLIC FLOAT

Based on the information available to the Company as at 16 March 2020, approximately 38.05% 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.

STATISTICS OF WARRANTHOLDINGS

As at 16 March 2020

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 – 99	6	2.21	209	0.00
100 – 1,000	6	2.21	3,475	0.00
1,001 – 10,000	74	27.20	408,431	0.43
10,001 – 1,000,000	161	59.19	21,863,865	22.99
1,000,001 AND ABOVE	25	9.19	72,848,085	76.58
TOTAL	**272**	**100.00**	**95,124,065**	**100.00**

TWENTY LARGEST WARRANTHOLDERS

NO.	NAME	NO. OF WARRANTS	%
1	ONG AH WHATT	10,000,000	10.51
2	OCBC SECURITIES PRIVATE LIMITED	8,802,425	9.25
3	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	4,900,000	5.15
4	STANLEY TANG CHONG NGAM	3,860,000	4.06
5	ONG BEE PHENG (WANG MEIPING)	3,676,004	3.86
6	NEO KIM KUEK	3,400,000	3.57
7	PHILLIP SECURITIES PTE LTD	3,337,850	3.51
8	LI LIQIN	3,033,300	3.19
9	UOB KAY HIAN PRIVATE LIMITED	3,004,900	3.16
10	LEE SOO HIAN JAMES	2,800,000	2.94
11	TEO CHIANG CHAI	2,500,000	2.63
12	LIN GUINU	2,482,400	2.61
13	NG CHIT BER	2,300,000	2.42
14	MAHTANI BHAGWANDAS	2,250,000	2.37
15	CHUA PHECK KIANG RINA	1,900,000	2.00
16	RAFFLES NOMINEES (PTE.) LIMITED	1,830,188	1.92
17	CHANG WAI SAN	1,804,700	1.90
18	ONG ENG KEONG (WANG RONGKANG)	1,651,004	1.74
19	HENG PAUL STEPHEN	1,624,000	1.71
20	PAUL GO KIAN LEE	1,623,500	1.71
	TOTAL	**66,780,271**	**70.21**

The Warrants expired on 23 March 2020.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of AsiaPhos Limited (the "**Company**") will be held at Edelweiss Room (Level 3), Aperia, 10 Kallang Avenue, Singapore 339510, on Friday, 8 May 2020 at 2.30 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 2019 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 will be considered independent.

Dr Ong Hian Eng will, upon re-election as a Director of the Company, remain as a member of the Nominating Committee and will be considered non-independent.

3. To approve the payment of Directors' fees of S$120,000 for the financial year ending 31 December 2020, payable quarterly in arrears. (2019: S$216,000)

(Resolution 4)

4. (a) Foo Kon Tan LLP be and is hereby appointed as auditors of the Company in place of Ernst & Young LLP ("**EY**") with effect from the date of approval of Shareholders of this ordinary resolution and to hold office under the conclusion of the next annual general meeting of the Company at a fee and on such terms to be agreed between the Directors of the Company and Foo Kon Tan LLP; and

(b) the Directors of the Company and each of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents and ancillary agreements and to make all such amendments thereto as may be required in connection with the Proposed Change of Auditors) as may be necessary, desirable or expedient in the interests of the Company to give effect to the Proposed Change of Auditors and/or this ordinary resolution.

(Resolution 5)

[See Explanatory Note (ii)]

5. To transact any other ordinary business which may properly be transacted at an AGM.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **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, Chapter 50 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);

(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.

NOTICE OF
ANNUAL GENERAL MEETING

(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 6)**

7. **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 7)**

By Order of the Board

Ngiam May Ling
Company Secretary
Singapore,
15 April 2020

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 Annual General Meeting. For more information on the Directors, please refer to the sections entitled "Board of Directors" and "Additional Information on Directors seeking Re-election" in the Annual Report 2019.

(ii) Ordinary Resolution 5 proposed above is to approve the appointment of Foo Kon Tan LLP ("FKT") as the Company's Auditors in place of the retiring Auditors, Ernst & Young LLP ("EY") and to authorise Directors to fix their remuneration. In accordance with the requirements of Rule 712(3) of the Catalist Rules:

a. EY has confirmed by way of a letter dated 3 April 2020 that it is not aware of any professional reasons why FKT should not accept appointment as Auditors;

b. the Company confirms that it is not aware of any circumstances connected with the proposed change of auditors that should be brought to the attention of the Shareholders which has not been disclosed in the letter to shareholders dated 15 April 2020;

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ANNUAL GENERAL MEETING

c. the Company confirms that the specific reasons for the proposed change of auditors are disclosed in Section 2.1 in the letter to shareholders dated 15 April 2020. The proposed change of auditors is neither due to the dismissal of EY nor EY declining to stand for election; and

d. the Company confirms that it complies with Rules712 and 715 of the Catalist Rules in relation to the proposed appointment of FKT as Auditors.

Save as disclosed in the auditors' report dated 3 April 2020, which may be seen or be constituted as disagreements, the Directors confirm that there are no disagreements with EY on accounting treatments within the last 12 months. We draw attention to the matters raised by the auditors in their report dated 3 April 2020. Given the bases of the auditors opinion as expressed therein, inter-alia, assets and liability of disposal group and discontinued operation, impairments, recoverable amount of property, plant and equipment and going concern (and bases for preparation of financial statements), the Directors are of the view that the matters raised by the auditors may constitute disagreement between the Auditors and Management. Notwithstanding the Board confirms that it did not factor in the issuance of a disclaimer of opinion in its decision to recommend or to propose a change of auditors. The change in auditors is due solely to cost reasons.

Please refer to the Letter to Shareholders dated 15 April 2020 for further information.

(iii) The Ordinary Resolution 6 above, 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 7 above, 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 6 above.

Notes:

1. (a) A member who is not a Relevant Intermediary, is entitled to appoint one (1) or two (2) proxies to attend and vote (whether to vote in favour of, or against, or to abstain from voting) at the AGM of the Company. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholding to be represented by each proxy in the instrument appointing the proxies. If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

NOTICE OF
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(b) A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend and vote (whether to vote in favour of, or against, or to abstain from voting) at the AGM of the Company, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

"**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the AGM of the Company.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote (whether to vote in favour of, or against, or to abstain from voting) at the AGM of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PRECAUTIONARY MEASURES AT THE AGM

1. In line with recent advisories issued by Singapore Ministry of Health ("**MOH**") in relation to the COVID-19 situation, the Company will be implementing precautionary measures at the AGM.

2. All persons attending the AGM will have to **register at Aperia Towers Lobby Reception Counter** (requiring a temperature screening) and complete a **Travel & Health Declaration Form** (by using your smartphone camera, to take a photo/activate the 'QR code' shown at various Aperia entry points, and/or via your smartphone browser via this website link: **https://bit.ly/2J2PHYQ**). → Please take a screenshot of the completed Declaration Form (with a green "thumbs up" sign 👍) and show it to the AGM registration counter personnel, at the meeting venue (as a condition of entry to join the AGM).

3. All persons attending the AGM will have to undergo temperature screening before going in the meeting venue.

4. Persons who are unwell, under quarantine order, or have been placed on leave of absence or Home-Stay Notice, or have recent travel history to the following places:

- Mainland China;
- Iran;
- Italy;
- Japan;
- Republic of Korea; and/or
- any other places which the MOH had issued travel advisories against,

NOTICE OF ANNUAL GENERAL MEETING

during the last 14 days prior to the AGM or who display any of the following symptoms, will not be admitted to the AGM:

(a) Fever
(b) Runny nose
(c) Sore throat
(d) Cough
(e) Shortness of breath
(f) Headache/body ache
(g) Tiredness/fatigue

5. Shareholders who are not able to attend the AGM may wish to appoint a proxy to attend on their behalf.

6. All persons attending the AGM will be required to declare their recent travel history and to provide contact details in case contact tracing is needed. Please arrive early as the precautionary measures may cause delay in the registration process.

7. Refreshments: To minimise contact between persons, the Company will not be providing coffee, tea or food at the AGM.

8. As the COVID-19 situation continues to evolve, shareholders are advised to read the health advisories from the MOH. The Company will monitor the situation and reserves the right to take further measures as appropriate in order to minimise any risk to persons attending the AGM.

9. We seek your kind understanding and cooperation.

Note: 'QR Code'/Link to CapitaLand/Aperia Travel & Health Declaration Form: https://bit.ly/2J2PHYQ

This Notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd., in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("**Exchange**") Listing Manual Section B: Rules of Catalist for compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of this Notice including the correctness of any of the figures used, statements or opinions made.

This Notice has not been examined or approved by 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..
Telephone number: 6221 0271

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ASIAPHOS LIMITED
(Company Registration No. 201200335G)
(Incorporated in the Republic of Singapore)

IMPORTANT:
Relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.

Personal Data Privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 April 2020.

PROXY FORM

I/We (Name) ____________________ (NRIC/Passport/UEN No.) ____________

of (Address) ____________________
being a member/members of AsiaPhos Limited (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or (delete as appropriate)*

Name	NRIC/Passport No.	Proportion of Shareholdings	
		Number of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to attend, speak and vote (whether to vote in favour of, or against, or to abstain from voting) for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at Edelweiss Room (Level 3), Aperia, 10 Kallang Avenue, Singapore 339510 on Friday, 8 May 2020 at 2.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for, or against, or abstain from voting 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 ^	Number of Votes Against ^	Number of votes abstaining^
As Ordinary Business				
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2019			
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$120,000 for the financial year ending 31 December 2020, payable quarterly in arrears			
5	To appoint Foo Kon Tan LLP as the Company's Auditors in place of the retiring Auditors, Ernst & Young LLP and to authorise the Directors to fix their remuneration			
As Special Business				
6	Authority to issue ordinary shares in the capital of the Company and/or instruments			
7	Authority to allot and issue shares under the AsiaPhos Performance Share Plan			

^ *Voting will be conducted by poll. If you wish to exercise your votes "For" or "Against" or abstain from voting, please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this __________ day of ______________ 2020

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. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by the member.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote (whether to vote in favour of, or against, or to abstain from voting) at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote (whether to vote in favour of, or against, or to abstain from voting) at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of Companies Act, Chapter 50 of Singapore.

3. A proxy need not be a member of the Company.

4. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Raffles Place #33-00, Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies 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.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies 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 a proxy or proxies (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies 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 Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

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10 Kallang Avenue
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F: +65 6292 3122

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Gongxing Town
Mianzhu City
Sichuan Province
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#21-05, SBF Center
Singapore 068914

AUDITORS
Ernst & Young LLP
One Raffles Quay
North Tower
Level 18
Singapore 048583

Partner-in-charge
Philip Ling Soon Hwa
Date of appointment: With effect from financial year
ended 31 December 2017

SHARE REGISTRAR AND SHARE TRANSFER OFFICE
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
Singapore Land Tower
#32-01
Singapore 048623

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
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