Independent auditor's report
to the members of AsiaPhos Limited

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of AsiaPhos Limited (the "Company"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for Disclaimer of Opinion

(1) Going concern

The Group reported a net loss after tax of $4,169,000 from continuing operations, and a net profit after tax of $6,242,000 from discontinued operations for the financial year ended 31 December 2023. Excluding reversal of impairment loss of property, plant and equipment of $4,092,000 (Note 4, Note 30.2), reversal of deferred tax liabilities of $1,292,000 (Note 20, Note 31) related to the Elemental phosphorus ("P4") plant, and rental income of $1,063,000 (Note 15, Note 30.2) from a 1-year lease term from March 2023 as part of the arrangement related to the disposal of the P4 Plant Assets (Note 15), the Group would have reported a net loss after tax from discontinued operations of $205,000 for the financial year ended 31 December 2023.

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

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

Independent auditor's report to the members of AsiaPhos Limited (Cont'd)

Basis for Disclaimer of Opinion (Cont'd)

(2) Assets and liabilities of disposal group (Note 15)

In 2018, Sichuan Mianzhu Norwest Phosphate Chemical Co., Ltd ("Sichuan Mianzhu") ceased production at the P4 Plant as a result of the Chinese government's actions.

Pursuant to a Cooperation Agreement dated 20 March 2023, and subsequent supplemental agreements (collectively hereinafter referred to as the "Cooperation Agreement") entered into with Sichuan Rongda Yuexiang Chemical Group Co., Ltd. ("Rongda"), Sichuan Mianzhu shall transfer to Rongda property, plant and equipment and land use rights (the "P4 Plant Assets"), via a newly set-up subsidiary of the Group, Sichuan Rongdafeng Chemical Co. Ltd. ("Rongdafeng"), for a cash consideration of RMB71.39 million, inclusive of RMB8 million in respect of a 12-month lease of the P4 Plant Assets to Rongda from March 2023, RMB4 million of rental deposit which is non-refundable if Sichuan Mianzhu is not in breach of the Cooperation Agreement, and RMB20 million for repayment of Sichuan Mianzhu's bank loan which is secured by the P4 Plant Assets.

Sichuan Mianzhu shall transfer the P4 Plant Assets to Rongdafeng and subsequently dispose of its entire equity interest in Rongdafeng to Rongda. As part of the arrangement, Rongdafeng, as a subsidiary of Rongda, shall assume trade and other payables of RMB14.61 million relating to the P4 Plant Assets. Accordingly, the P4 Plant Assets and P4 Plant Liabilities were reclassified to "Disposal Group" in the Group's consolidated balance sheet in March 2023.

In accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* ("SFRS(I) 5") 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 of disposal.

In prior years, an impairment loss of $7,394,000 was recognised on property, plant and equipment of the P4 Plant. The Group recognised a reversal of impairment loss of $4,092,000, based on the adjusted proceeds from the proposed P4 Plant disposal, prior to reclassification of the property, plant and equipment to Disposal Group during the current financial year ended 31 December 2023.

The Group did not assess fair value less costs of disposal of property, plant and equipment, and land use rights of the P4 Plant Assets at the point of reclassification of these assets to Disposal Group. This is not in compliance with SFRS(I) 5.

Based on the information available to us, we were unable to obtain sufficient appropriate audit evidence to determine the carrying values of the property, plant and equipment, and land use rights of the P4 Plant Assets included in "Assets of disposal group" in the Group's consolidated balance sheet as at 31 December 2023. We were also unable to obtain sufficient appropriate audit evidence on whether the reversal of impairment loss of $4,092,000 for the year ended 31 December 2023 was appropriately stated.

In prior years, the Group recorded a deferred tax liability in respect of the differences between accounting depreciation and tax depreciation related to the P4 Plant Assets. Depreciation of the P4 Plant Assets and recognition of the effect of deferred tax thereon ceased following the Group's suspension of the use of the P4 Plant in 2018.

During the current financial year ended 31 December 2023, the Group reversed deferred tax liabilities of $1,292,000 related to the P4 Plant Assets to profit or loss following reclassification of the P4 Plant Assets to "Disposal Group" (Note 15). Accordingly, net profit after tax from discontinued operations was overstated by $1,292,000 and net profit after tax for the year was overstated by $1,292,000 for the year ended 31 December 2023, accumulated losses as at 31 December 2023 was understated by $1,292,000, and deficit in shareholder's funds as at 31 December 2023 was understated by $1,292,000.

Independent auditor's report to the members of AsiaPhos Limited (Cont'd)

Basis for Disclaimer of Opinion (Cont'd)

(3) Recoverable amount of property, plant and equipment (Note 4), right-of-use assets (Note 5), and investment in subsidiaries (Note 9)

(3.1) Mining Assets Group

In November 2017, the assets (the "Mining related Assets") and directly associated liabilities (the "Mining related Liabilities") of Mine 1 and Mine 2 ("Mine 1" and "Mine 2") of Sichuan Mianzhu and the mine of Deyang Fengtai Mining Co., Ltd. ("Fengtai Mine") (collectively, the "Mining Assets Group") were reclassified as assets and liabilities of disposal group in the Group's consolidated balance sheet as a result of the Chinese Government's request for the Group's evacuation and rehabilitation of its mining site in respect of Mine 2 and the Fengtai mine, and the non-renewal of the Mine 1 mining license.

In 2020, the Group commenced arbitration at the International Arbitration Tribunal (the "Tribunal") seeking compensation from the Chinese Government.

In 2021, the directors were of the view that an amicable settlement with the Chinese Government was unlikely. Consequently, the Group recognised an impairment loss on the entire carrying value of the Mining related Assets of $90,066,000 (Note 15) and reversed the associated deferred tax liabilities of $16,383,000 during the year ended 31 December 2021.

As at 31 December 2022, the disposal of the Mining Assets Group had not been completed. Accordingly, the directors were of the view that it was appropriate for the Group to continue to present all Mining related Assets and Mining related Liabilities as "assets of disposal group" and "liabilities of disposal group", respectively, on the Group's consolidated balance sheet as at 31 December 2022.

As at 31 December 2022, the Mining related Assets comprised mine properties, mining related property, plant and equipment, goodwill and deposits for rehabilitation and mining levy with an aggregate carrying value of $nil (Note 15); and Mining related Liabilities related to provision for rehabilitation of mines of $764,000 (Note 15).

Our opinion on the financial statements for the prior financial year ended 31 December 2022 was modified in respect of the inappropriateness of the classification of the Mining related Assets and Mining related Liabilities as assets and liabilities of disposal group, and the carrying values of the Mining related Assets and Mining related Liabilities as presented in assets and liabilities of disposal group as at 31 December 2022.

In February 2023, the Tribunal issued a ruling in favour of the Chinese Government ordering the Group to reimburse the latter the sums of USD280,000 (jurisdictional award) and RMB6,350,000 in legal costs related to the arbitration. Consequently, the Group reclassified the Mining related Assets and Mining related Liabilities from "Assets of disposal group" and "Liabilities of disposal group" to the respective captions in the Group's consolidated balance sheet.

Independent auditor's report to the members of AsiaPhos Limited (Cont'd)

Basis for Disclaimer of Opinion (Cont'd)

(3) Recoverable amount of property, plant and equipment (Note 4), right-of-use assets (Note 5), and investment in subsidiaries (Note 9) (Cont'd)

(3.1) Mining Assets Group (Cont'd)

Non-financial assets reclassified from "Assets of disposal group" to "Property, plant and equipment" comprised mine properties, and mining related property, plant and equipment (the "Property, plant and equipment – Mining Assets") (Note 15) which had carrying value of $nil individually.

The Group did not assess the recoverable amount of "Property, plant and equipment – Mining Assets" as at 31 December 2023 in accordance with SFRS(I) 1-36 *Impairment of Assets*.

We were unable to determine whether any adjustment to the carrying value of "Property, plant and equipment – Mining Assets" as at 31 December 2023 was necessary. We were also unable to obtain sufficient appropriate evidence on whether the associated deferred tax liabilities of "Property, plant and equipment – Mining Assets" was appropriately stated. Any adjustment necessary to the carrying values of "Property, plant and equipment – Mining Assets" and deferred tax liabilities as at 31 December 2023 would have a consequential effect on profit or loss for the year ended 31 December 2023, and accumulated losses and total equity as at 31 December 2023.

(3.2) Right-of-use assets

The Group did not assess the recoverable amount of right-of-use assets as at 31 December 2023 in accordance with SFRS(I) *1-36 Impairment of Assets*.

We were unable to determine whether any adjustment to the carrying value of right-of-use assets as at 31 December 2023 was necessary. Any adjustment necessary to the carrying value of right-of-use assets as at 31 December 2023 would have a consequential effect on profit or loss for the year ended 31 December 2023, and accumulated losses and total equity as at 31 December 2023.

(3.3) P4 Plant Assets

As at 31 December 2022, the directors were of the view that the carrying values of property, plant and equipment of $8.950 million (Note 4) and right-of-use assets of $1.295 million (Note 5) related to the P4 Plant Assets were sufficiently supported by proceeds from the proposed disposal of the P4 Plant Assets (Note 15) based on an agreement dated 20 March 2023 and supplemental agreement dated 22 March 2023 entered into with Rongda. This is not in compliance with SFRS(I) *1-36 Impairment of Assets*.

In the absence of a management's assessment of the recoverable amount at the reporting date, we were unable to determine whether any adjustment to the carrying amount of the P4 Plant Assets as at 31 December 2022 was necessary. Consequently, our opinion on the financial statements for the prior financial year ended 31 December 2022 was modified accordingly.

Independent auditor's report to the members of AsiaPhos Limited (Cont'd)

Basis for Disclaimer of Opinion (Cont'd)

(3) Recoverable amount of property, plant and equipment (Note 4), right-of-use assets (Note 5), and investment in subsidiaries (Note 9) (Cont'd)

(3.4) Investment in subsidiaries

During the current financial year ended 31 December 2023, the Company recognised an impairment loss of $9,400,000 on investment in subsidiaries based on adjusted net assets of the subsidiaries. Management did not determine the recoverable amount of investment in subsidiaries, which is the higher of value-in-use and fair value less costs of disposal as at 31 December 2023 and 2022.

In the absence of a management's assessment of the recoverable amount at the reporting date, we were unable to determine whether any adjustment to the carrying amount of investment in subsidiaries as at 31 December 2023 and 2022 was necessary. Any adjustment necessary to the carrying amount of investment in subsidiaries as at 31 December 2023 and 2022 would have a consequential effect on accumulated losses and total equity as at 31 December 2023 and 2022.

(4) Trade and other payables (Note 23)

As at 31 December 2022, "Accrued liabilities" presented within "Trade and other payables" included an amount of $156,000 which was not supported by evidence that underlying services had been received by the Group. As we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the existence, completeness, accuracy, rights and obligations in respect of the liabilities as at 31 December 2022 and the profit or loss for the year ended 31 December 2022, our opinion on the financial statements for the prior financial year ended 31 December 2022 was modified accordingly.

During the financial year ended 31 December 2023, management was of the view that the accrual amount was not required and reversed the $156,000 to profit or loss. Accordingly, net loss after tax from continuing operations was understated by $156,000 and net profit after tax was overstated by $156,000 for the year ended 31 December 2023, accumulated losses as at 31 December 2023 was understated by $156,000, and deficit in shareholder's funds as at 31 December 2023 was understated by $156,000.

Independent auditor's report to the members of AsiaPhos Limited (Cont'd)

Responsibilities of Management and Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis 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 the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

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

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

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, Date: 4 APRIL 2024

EXTRACT

Note 4: Property, plant and equipment

The Group

	Buildings $'000	Leasehold improvements $'000	Plant and machinery $'000	Motor vehicles and office equipment $'000	Mining infrastructure $'000	Construction-in-progress $'000	Total $'000
Cost							
At 1 January 2022	8,078	427	15,141	850	-	117	24,613
Currency realignment	(837)	(15)	(1,569)	(22)	-	(12)	(2,455)
At 31 December 2022	7,241	412	13,572	828	-	105	22,158
Additions	**-**	-	**-**	**2**	**-**	**-**	**2**
Reclassification from "Assets of disposal group" (Note 15) *	**1,386**	**-**	**1,908**	**117**	**14,044**	**133**	**17,588**
Reclassified to "Assets of disposal group" (Note 15) #	**(7,179)**	**(371)**	**(13,487)**	**(428)**	**627**	**(99)**	**(20,937)**
Currency realignment	**(62)**	**-**	**(85)**	**(5)**	**(627)**	**(6)**	**(785)**
At 31 December 2023	**1,386**	**41**	**1,908**	**514**	**14,044**	**133**	**18,026**
Accumulated depreciation and impairment loss							
At 1 January 2022	5,427	394	7,528	794	-	117	14,260
Depreciation for the year	220	6	20	5	-	-	251
Currency realignment	(510)	(15)	(782)	(17)	-	(12)	(1,336)
At 31 December 2022	5,137	385	6,766	782	-	105	13,175
Depreciation for the year	**37**	**6**	**4**	**4**	**-**	**-**	**51**
Reversal of impairment loss	**(1,108)**	**-**	**(2,984)**	**-**	**-**	**-**	**(4,092)**
Reclassification from "Assets of disposal group" (Note 15) *	**1,386**	**-**	**1,908**	**117**	**14,044**	**133**	**17,588**
Reclassified to "Assets of disposal group" (Note 15) #	**(4,004)**	**(371)**	**(3,701)**	**(390)**	**627**	**(99)**	**(7,938)**
Currency realignment	**(62)**	**-**	**(85)**	**(5)**	**(627)**	**(6)**	**(785)**
At 31 December 2023	**1,386**	**20**	**1,908**	**508**	**14,044**	**133**	**17,999**
Net carrying amount							
At 31 December 2023	**-**	**21**	**-**	**6**	**-**	**-**	**27**
At 31 December 2022	2,104	27	6,806	46	-	-	8,983

The Group	2023 $'000	2022 $'000
Mining assets		
Cost	**17,588**	-
Less: Accumulated depreciation and impairment loss	**(17,588)**	-
Net carrying amount (A)	**-**	-
Elemental phosphorus ("P4") plant #		
Cost	**-**	21,722
Less: Accumulated depreciation and impairment loss	**-**	(12,772)
Net carrying amount (B)	**-**	8,950
Others		
Cost	**438**	436
Less: Accumulated depreciation and impairment loss	**(411)**	(403)
Net carrying amount (C)	**27**	33
Total net carrying amount	**27**	8,983

* Mining assets

As at 31 December 2022, assets related to the Mining related Assets was presented within "Assets of disposal group" (Note 15). During the financial year ended 31 December 2023, the underlying assets and liabilities were reclassified from "Assets and liabilities of disposal group" to the respective captions in the balance sheet following the arbitral award issued by the International Arbitration Tribunal in favour of the counterparty (Note 15). Property, plant and equipment in respect of the Mining-related Assets were fully impaired in prior years.

Note 4: Property, plant and equipment (Cont'd)

Elemental phosphorus ("P4") plant (the "P4 Plant")

Pursuant to a Cooperation Agreement dated 20 March 2023, and subsequent supplemental agreements (collectively hereinafter referred to as the "Cooperation Agreement", Sichuan Mianzhu, a wholly owned subsidiary, shall transfer to Sichuan Rongda Yuexiang Chemical Group Co., Ltd. ("Rongda") property, plant and equipment and land use rights (the "P4 Plant Assets"), via a newly set-up subsidiary of the Group, Sichuan Rongdafeng Chemical Co. Ltd. ("Rongdafeng"), for a cash consideration of RMB71.39 million. The cash consideration is inclusive of RMB8 million in respect of a 12-month lease of the P4 Plant Assets to Rongda from March 2023 (the "rental"), RMB4 million of rental deposit (the "rental deposit") and RMB20 million for repayment of Sichuan Mianzhu's bank loan which is secured by the P4 Plant Assets. The rental and rental deposit are non-refundable, if Sichuan Mianzhu is not in breach of the Cooperation Agreement. Sichuan Mianzhu shall transfer the P4 Plant Assets to Rongdafeng and subsequently dispose of its entire equity interest in Rongdafeng to Rongda. As part of the arrangement, Rongdafeng, as a subsidiary of Rongda, shall assume trade and other payables of RMB14.61 million relating to the P4 Plant Assets. Accordingly, the P4 Plant Assets and P4 Plant Liabilities were reclassified to "Disposal Group" in the Group's consolidated balance sheet in March 2023.

The proposed sale of the P4 Plant Assets was approved by the Company's shareholders during the Extraordinary General Meeting held on 29 April 2023.

As at 31 December 2023, the Group had received RMB12 million in respect of the rental and rental deposit. In January 2024, the Group received RMB20 million from Rongda and utilised the amount to repay the bank loan of $3,367,000 (RMB18 million) as at 31 December 2023.

In February 2024, Rongda paid the remaining balance of the proceeds of RMB39.39 million into an escrow account pursuant to a Supplementary Cooperation Agreement II dated 29 January 2024.

In March 2024, the P4 Plant Assets were transferred to Rongdafeng. The amount in the escrow account shall be released to the Group upon completion of the transfer of, inter alia, the RMB14.61 million Liability, and personnel of Sichuan Mianzhu to Rongdafeng.

Completion of the proposed P4 Plant disposal is subject to, among others, Sichuan Mianzhu's transfer of the P4 Plant Assets and the RMB14.61 million Liability to Rongdafeng, Sichuan Mianzhu's transfer of its 100% equity interest in Rongdafeng to Rongda, Sichuan Mianzhu's submission of application materials for real estate transfer/registration to the real estate registration department (including transfer of certified real estate to Rongdafeng and application materials for property ownership certificates and properties without certificate), change of Rongdafeng's legal representative, general manager, directors, supervisors and senior management personnel to Rongda's designated personnel, and transfer of all Rongdafeng's seals (company stamps), business licenses, bank accounts and other information required for operations of Rongdafeng to Rongda. The Group has up to 36 months from 30 January 2024 to complete the transfer of its entire equity interest in Rongdafeng to Rongda.

The carrying value of property, plant and equipment and the associated land use rights of the P4 plant of $12,999,000 and $1,308,000, respectively, were reclassified to "Assets of disposal group" (Note 15) in the balance sheet. As at 31 December 2023, completion of disposal of the P4 Plant Assets was in progress.

As at 31 December 2022, buildings consisted of 7 blocks of industrial buildings with a total gross floor area of 11,902.16 square meters located at No. 13, Jing Shi San Road, Gongxing Industrial Park, Gongxing Town, Mianzhu City, Sichuan Province, PRC.

Note 4: Property, plant and equipment (Cont'd)

Impairment testing

2023
In prior years, an impairment loss of $7,394,000 was recognised on property, plant and equipment of the P4 Plant. The Group recognised a reversal of impairment loss of $4,092,000, based on the adjusted proceeds from the proposed P4 Plant disposal, prior to reclassification of the property, plant and equipment to Disposal Group during the financial year ended 31 December 2023.

2022
In 2018, the Group ceased the production of the elemental phosphorus ("P4") as a result of the Chinese government's actions which deprived the Group of access to phosphate rocks, which is a key raw material, for cost efficient production.
As at 31 December 2022, the carrying value of the P4 plant assets (the "P4 Plant Assets") comprised property, plant and equipment and right-of-use assets with a carrying value of $8,950,000 (Note 4) and $1,295,000 (Note 5), respectively. The Group did not determine value-in-use nor fair value less costs of disposal of the P4 Plant Assets as at 31 December 2022. As at 31 December 2022, the directors were of the view that the carrying values of property, plant and equipment of $8.950 million (Note 4) and right-of-use assets of $1.295 million (Note 5) related to the P4 Plant Assets were sufficiently supported by proceeds from the proposed disposal of the P4 Plant Assets (Note 15) based on an agreement dated 20 March 2023 and supplemental agreement dated 22 March 2023 entered into with Rongda.

Note 5: Right-of-use assets

The Group	Land use rights $'000	Office premises $'000	Total $'000
Cost			
At 1 January 2022	1,852	190	2,042
Currency realignment	(192)	-	(192)
At 31 December 2022	1,660	190	1,850
Lease expiry	**-**	**(190)**	**(190)**
Additions	**-**	**197**	**197**
Reclassified to "Assets of disposal group" (Note 15)	**(1,686)**	**-**	**(1,686)**
Currency realignment	**26**	**-**	**26**
At 31 December 2023	**-**	**197**	**197**
Accumulated depreciation			
At 1 January 2022	371	190	561
Depreciation	36	-	36
Currency realignment	(42)	-	(42)
At 31 December 2022	365	190	555
Depreciation	**7**	**11**	**18**
Lease expiry	**-**	**(190)**	**(190)**
Reclassified to "Assets of disposal group" (Note 15)	**(378)**	**-**	**(378)**
Currency realignment	**6**	**-**	**6**
At 31 December 2023	**-**	**11**	**11**
Net carrying amount			
At 31 December 2023	**-**	**186**	**186**
At 31 December 2022	1,295	-	1,295

Note 5: Right-of-use assets (Cont'd)

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

As at 31 December 2022, the recoverable amount of land use rights was assessed as part of the cash-generating unit of the P4 Plant Assets (Note 4).

As at 31 December 2022, right-of-use assets with carrying value of $1,295,000 (RMB6,745,000) related to the Elemental phosphorus ("P4") plant was pledged to secure the interest-bearing bank loan (Note 25).

Note 9: Investment in subsidiaries

The Company	**2023 $'000**	2022 $'000
Unquoted shares, at cost:		
At 1 January and 31 December	**45,449**	45,449
Accumulated impairment		
At 1 January	**36,049**	36,049
Impairment loss	**9,400**	-
At 31 December	**45,449**	36,049
Net carrying amount		
At 31 December	**-**	9,400

Impairment testing

2023
During the financial year ended 31 December 2023, the Company recognised an impairment loss of $9,400,000 on investment in subsidiaries based on adjusted net assets of the subsidiaries.

2022
The Company assessed the recoverable amount of investment in subsidiaries to be higher than the carrying amount based on adjusted net assets of the subsidiaries, taking into account an agreement dated 20 March 2023 entered into with an unrelated entity (the "Purchaser") and supplemental agreement dated 22 March 2023 (Note 4).

Note 9: Investment in subsidiaries (Cont'd)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation/ principal place of business	Percentage of equity held by the Company 2023 %	2022 %	Principal activities
Held by the Company				
Norwest Chemicals Pte Ltd #	Singapore	**100**	100	Investing in chemical projects, general wholesale trade and trading of chemicals
AP New Energy Pte Ltd #	Singapore	**100**	-	Investment holding and business development
Held through Norwest Chemicals Pte Ltd				
Sichuan Mianzhu Norwest Phosphate Chemical Co., Ltd +	People's Republic of China	**100**	100	Exploration, mining and sale of phosphate rocks, the production and sale of phosphorus and phosphate based chemical products
XDL Resources Pte. Ltd. #	Singapore	**100**	100	Investment holding
Held through Sichuan Mianzhu Norwest Phosphate Chemical Co., Ltd				
Sichuan Rongdafeng Chemical Co., Ltd.&	People's Republic of China	**100**	-	Manufacturing and sale of chemical products
Held through XDL Resources Pte. Ltd.				
Deyang City Xianrong Technical Consulting Co., Ltd. ^	People's Republic of China	**100**	100	Mining activities, internet technology consulting services, and wholesale of mineral products; and transportation services
Held through Deyang City Xianrong Technical Consulting Co., Ltd.				
Deyang Fengtai Mining Co., Ltd.+	People's Republic of China	**55**	55	Sale of mineral products

^ Audited by Foo Kon Tan LLP for consolidation purposes
+ Audited by Sichuan Zhongfa CPA Co., Ltd., a member firm of HLB International
& Dormant

Note 9: Investment in subsidiaries (Cont'd)

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	Accumulated non-controlling interest at the end of the reporting period	Dividends paid to non-controlling interest
			$'000	$'000	$'000
At 31 December 2023					
Deyang Fengtai Mining Co., Ltd.	**People's Republic of China**	**45%**	**5**	**(2,533)**	**-**
At 31 December 2022					
Deyang Fengtai Mining Co., Ltd.	People's Republic of China	45%	(1)	(2,538)	-

Summarised financial information of a subsidiary with material non-controlling interest
Summarised financial information Deyang Fengtai Mining Co., Ltd. including goodwill on acquisition but before eliminations of intercompany balances are as follows:

Summarised balance sheet

	2023	2022
	$'000	$'000
Current assets	**7**	7
Non-current assets	**-**	-
Current liabilities	**(490)**	(503)
Non-current liabilities	**-**	-
Net liabilities	**(483)**	(496)

Summarised statement of comprehensive income

	2023	2022
	$'000	$'000
Loss before taxation	**(2)**	(58)
Profit/(loss) after taxation representing total comprehensive loss for the year	**13**	(3)
Other summarised information		
Net cash flows from operating activities	**(2)**	(58)
Net cash flows from investing activities	**-**	-
Net cash flows from financing activities	**2**	8

Note 15: Discontinued operations and disposal group

The Group	2023 $'000	2022 $'000
Assets of disposal group	**13,665**	-
Liabilities of disposal group	**6,086**	764

The Group	2023 $'000	2022 $'000
Assets of disposal group:		
(i) Mining assets		
Mine properties	**-**	58,743
Mining related property, plant and equipment	**-**	11,000
Goodwill	**-**	12,249
Deposits for rehabilitation and mining levy	**-**	37
	-	82,029
Less: Impairment losses	**-**	(82,029)
	-	-
(ii) P4 Plant assets		
Property, plant and equipment	**12,418**	-
Land use rights	**1,247**	-
	13,665	-
Liabilities of disposal group:		
(i) Mining assets		
Provision for rehabilitation	**-**	(764)
(ii) P4 Plant assets		
Interest-bearing bank loan	**(3,367)**	-
Other payables	**(2,719)**	-
	(6,086)	(764)
Net assets/(liabilities) of disposal group	**7,579**	(764)

Movements in impairment losses in respect of assets of disposal group are as follows:

The Group	2023 $'000	2022 $'000
At beginning of the year	**82,029**	90,066
Currency realignment	**2,097**	(8,037)
Reclassification to:		
- Property, plant and equipment	**(11,379)**	-
- Mining properties	**(60,460)**	-
- Goodwill	**(12,249)**	-
- Other receivables	**(38)**	-
	-	82,029

Mining Assets

In September 2017, the assets (the "Mining related Assets") and directly associated liabilities (the "Mining related Assets") of Mine 1 and Mine 2 ("Mine 1" and "Mine 2") of Sichuan Mianzhu and the mine of Deyang Fengtai Mining Co., Ltd. ("Fengtai Mine") (collectively, the "Mining Assets Group") were reclassified as assets and liabilities of disposal group in the Group's consolidated balance sheet on 30 November 2017 as a result of the Chinese Government's request for the Group's evacuation and rehabilitation of its mining site in respect of Mine 2 and the Fengtai mine, and the non-renewal of the Mine 1 mining license.

The Group had been advised that the Group's ownership of the Mining related Assets was still valid as at 31 December 2017 and the Chinese Government's action was tantamount to an indirect expropriation of these Mining-related Assets.

Note 15: Discontinued operations and disposal group (Cont'd)

Mining Assets (Cont'd)
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 related Assets is expected to be recovered principally through compensation receivable from the Chinese Government for the expropriation of the Mining-related Assets.

The Group adopted the principles set out in SFRS(I) 5 in its accounting treatment of the Mining related Assets as an expropriation is in substance and effect, a compulsory acquisition of the Mining related Assets carried out by the Chinese Government. All mining related property, plant and equipment, mine properties, goodwill, deposits for mining levy were reclassified as "assets of disposal group" in current assets on the consolidated balance sheet effective 30 November 2017. Provision for rehabilitation was reclassified as "liabilities of disposal group" in current liabilities on the consolidated balance sheet effective 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 were presented separately as "Discontinued operations" 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.

In 2020, the Group commenced arbitration at the International Arbitration Tribunal (the "Tribunal") seeking compensation from the Chinese Government.

As at 31 December 2021, the Board reassessed the Group's position in the investment dispute with the Chinese Government and determined that it was unlikely that the dispute would be settled amicably. Any compensation was subject to the outcome of the arbitration. Accordingly, the Group recognised an impairment loss on the book value of $90,066,000 on the Mining related Assets presented within "assets of disposal group", and reversed deferred tax liabilities of $16,383,000 from "liabilities of disposal group" to "Tax credit" in "Profit/(Loss) from discontinued operations, net of tax".

As at 31 December 2022, the disposal of Mining Assets Group had not been completed. Accordingly, the directors were of the view that it was appropriate for the Group to continue to present all mining related assets, liabilities and goodwill as "assets of disposal group" and "liabilities of disposal group" respectively on the Group's consolidated balance sheet as of 31 December 2022.

In February 2023, the International Arbitration Tribunal ruled that Article 13(3) of China-Singapore Bilateral Investment Treaty (1985) did not afford jurisdiction over the Group's expropriation claims and Article 4 of the Treaty did not afford jurisdiction over the remaining claims. The Group filed a petition to the Swiss Supreme Court on 20 March 2023 seeking inter alia, to set aside the International Arbitration Tribunal jurisdictional award and the legal costs awarded to China. As announced on 25 January 2024, the Group was unsuccessful in its appeal to the Swiss Supreme Court. The Board had ascertained that it was no longer appropriate to continue to classify the Mining Assets Group as a disposal group. As such, the Mining Assets Group were reclassified from "Assets of disposal group" to property, plant and equipment (Note 4), mining properties (Note 8), goodwill (Note 6) and other receivables (Note 10), and provision for rehabilitation was reclassified from "Liabilities of disposal group" to provision for reinstatement cost (Note 21) during the financial year ended 31 December 2023.

P4 Plant Assets - Details are as set out in Note 4.

Note 15: Discontinued operations and disposal group (Cont'd)

Income statement disclosures:

The results of discontinued operations for the year ended 31 December 2023 and 2022 are as follows:

The Group	2023 $'000	2022 $'000
Revenue	-	-
Cost of sales	-	-
Gross profit	-	-
Finance costs	(205)	-
Other income	5,155	-
Profit before tax from discontinued operations	4,950	-
Tax credit (Note 31)	1,292	-
Profit from discontinued operations, net of tax	6,242	-

Other income comprises rental income on the lease of the P4 plant of $1,063,000, and reversal of impairment loss on property, plant equipment of the P4 Plant Assets of $4,092,000.

Tax credit of $1,292,000 relates to the reversal of deferred tax liabilities relating to the P4 Plant.

Cash flow statement disclosures:

The cash flows attributable to discontinued operations are as follows:

The Group	2023 $'000	2022 $'000
Net cash generated from operating activities	858	-

Note 23: Trade and other payables

	The Group		The Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Trade payables	**49**	244	**-**	-
Fixed assets vendors	**-**	173	**-**	-
Rental deposit – P4 Plant Assets	**744**	-	**-**	-
Taxes other than income tax	**-**	1,700	**-**	-
Other payables	**1,793**	593	**1,602**	21
Accrued liabilities	**551**	622	**135**	284
	3,137	3,332	**1,737**	305
Advance sales consideration received from proposed assets disposal *	**5,862**	6,048	**-**	-
	8,999	9,380	**1,737**	305

* As at 31 December 2023 and 2022, advance payment relates to full sales consideration received on the proposed disposal of the Phase 2 Factory Assets classified as non-current assets held for sale (Note 16).

As at 31 December 2022, "Accrued liabilities" included an amount of $156,000 which was not supported by evidence that underlying services had been received by the Group. During the financial year ended 31 December 2023, the $156,000 was reversed to profit or loss.

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

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