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 2022, 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 a summary of significant accounting policies.

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 incurred a net loss after tax for the year of $1,616,000 from continuing and discontinued operations, and reported net operating cash outflows of $3,262,000 for the financial year ended 31 December 2022. Excluding non-current assets held for sale and the related "Advance sales consideration received from proposed assets disposal", the Group's current liabilities exceeded its current assets by $7,832,000 as at 31 December 2022. The Company had net current liabilities of $5,744,000 as at 31 December 2022. The Group had a deficit in total equity of $1,647,000. The above factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

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

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

Basis for Disclaimer of Opinion (Cont'd)

(2) Assets and liabilities of disposal group and discontinued operations (Note 13)

Since 31 December 2017, the assets and directly associated liabilities of Mine 1 and Mine 2 ("Mine 1" and "Mine 2") of Sichuan Mianzhu Norwest Phosphate Chemical Co., Ltd and the mine of Deyang Fengtai Mining Co., Ltd. ("Fengtai Mine") (collectively, the "Mining Assets") have been reclassified as assets and liabilities of disposal group in the Group's consolidated balance sheet on the grounds that the Chinese government's action of ordering the Group's vacation and rehabilitation of the mines and of non-renewal of the mining and exploration licenses was tantamount to an indirect expropriation of these Mining Assets. The proposed disposal has not been completed as at 31 December 2022.

As disclosed further in Note 2(d) and Note 13, the directors are of the view that it remains appropriate to classify the Mining Assets as assets and liabilities of disposal group in the Group's consolidated balance sheet as at 31 December 2022 and its results as discontinued operations on the Group's consolidated statement of comprehensive income for the year ended 31 December 2022.

This is not consistent with the directors' assessment in 2021 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 Assets of $90,066,000 and reversed the associated deferred tax liabilities of $16,383,000 during the year ended 31 December 2021.

There exists significant uncertainties with respect to the outcome of the proposed disposal as it is subject to further negotiation with the relevant authorities in the People's Republic of China ("PRC"). Based on the information available to us, we were unable to obtain sufficient appropriate audit evidence to determine the appropriateness of the classification of the Mining Assets as assets and liabilities of disposal group, and the carrying values of the assets and liabilities of disposal group in the Group's consolidated balance sheet as at 31 December 2022 and 2021.

The Group did not assess the recoverable amount of the Mining Assets as at 31 December 2022 and 31 December 2021.

We were unable to determine whether any adjustment to the carrying values of the assets and liabilities of disposal group as at 31 December 2022 and 2021 was necessary. Any adjustment necessary to the carrying values of the assets and liabilities of disposal group as at 31 December 2022 and 2021 would have a consequential effect on profit or loss for the years ended 31 December 2022 and 2021, and accumulated losses and total equity as at 31 December 2022 and 2021.

Our opinion on the financial statements for the prior financial year ended 31 December 2021 was modified in respect of this matter.

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 7)

As at 31 December 2022, the carrying value of:

- the Group's elemental phosphorus ("P4") plant (the "P4 Plant Assets") of $10.24 million comprises property, plant and equipment of $8.950 million (Note 4) and right-of-use assets of $1.295 million; and

- the Company's investment in subsidiaries is $9.4 million.

An indication of impairment of the P4 Plant Assets exists since the Group was requested in 2017 to vacate and rehabilitate the Mining Assets (Note 13) by the local authorities resulting in suspension of the use of the P4 Plant Assets. The Group is required to determine the recoverable amount of the P4 Plant Assets and whether the recoverable amount is higher than carrying amount. The recoverable amount of investment in subsidiaries is dependent on the recoverable amount of the P4 Plant Assets.

The recoverable amount is the higher of value-in-use and fair value less costs of disposal. The Group did not determine value-in-use or fair value less costs of disposal of the P4 Plant Assets, nor did the Company estimate value-in-use or fair value less costs of disposal of investment in subsidiaries as at 31 December 2022 and 2021.

The directors are of the view that the recoverable amount of the P4 Plant Assets as at 31 December 2022 is supported by an agreement dated 20 March 2023 entered into with an unrelated entity (the "Purchaser"). Pursuant to the agreement, the Group shall lease the P4 Plant Assets effective 20 March 2023 at an annual rental of RMB8 million to the Purchaser with an option to sell the P4 Plant Assets to the Purchaser at a cash consideration of RMB90 million ($17.28 million) upon obtaining a production licence from the local authorities.

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 property, plant and equipment, right-of-use assets and investment in subsidiaries as at 31 December 2022 and 2021 was necessary. Any adjustment necessary to the carrying amount of the property, plant and equipment, right-of-use assets and investment in subsidiaries as at 31 December 2022 and 2021 would have a consequential effect on profit or loss for the years ended 31 December 2022 and 2021, and accumulated losses and total equity as at 31 December 2022 and 2021.

Our opinion on the financial statements for the prior financial year ended 31 December 2021 was modified in respect of this matter.

Basis for Disclaimer of Opinion (Cont'd)

(4) Trade and other payables (Note 21)

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. In the absence of sufficient information, 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.

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,

Asiaphos Limited

Year ended 31 December 2022

Extract of Notes to the Financial Statements

2(a) Basis of preparation

Going concern

The Group incurred a net loss after tax for the year of $1,616,000 from continuing and discontinued operations, and reported net operating cash outflows of $3,262,000 for the financial year ended 31 December 2022. Excluding non-current assets held for sale (Note 14) and the related “Advance sales consideration received from proposed assets disposal” (Note 21), the Group’s current liabilities exceeded its current assets by $7,832,000 as at 31 December 2022. The Company had net current liabilities of $5,744,000 as at 31 December 2022. The Group had a deficit in total equity of $1,647,000. The above factors indicate the existence of a material uncertainty which may cast significant doubt about the Group’s and the Company’s ability to continue as a going concern.

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

(a) The Group continues to generate cash flows from its trading activities comprising phosphate chemical products and commodity products;

(b) The Group entered into an agreement dated 20 March 2023 with an unrelated entity (the “Purchaser”). Pursuant to the agreement, the Group shall lease the property, plant and equipment (Note 4) and the associated right-of-use assets (Note 5) (collectively the “P4 Plant Assets”) at an annual rental of RMB8 million to the Purchaser with an option to sell the P4 Plant Assets to the Purchaser at a cash consideration of RMB90 million ($17.28 million) upon obtaining a production licence from the local authorities.

(c) As announced on 29 December 2022, Sichuan Mianzhu was able to renew its bank loan of $3,610,000 (Note 23) with Bohai Bank (the “Bohai Bank Loan”) for another 12 months. Given that the Group has not in the past defaulted on any of the loans extended to it, barring unforeseen circumstances, the directors expect that the Group will be able to obtain requisite financing for its operations when the Bohai Bank Loan due for repayment in December 2023.

Going concern (Cont'd)

(d) As at 31 December 2022, the Group has received loans of $1,600,000 (Note 24) from a director, Dr. Ong Hian Eng ("Dr. Ong") who is also Chief Executive Officer of the Company, and $432,000 (Note 25) from a controlling shareholder. Subsequent to the balance sheet date, Dr. Ong and a controlling shareholder extended further loans amounted to $355,000 and $255,000 respectively to the Group for working capital. The Group expects to receive continued financial support from the controlling shareholders.

(e) The Company is exploring potential fund raising.

(f) On 18 August 2022, the Company and its wholly-owned subsidiary, Norwest Chemicals Pte Ltd, finalised an agreement with a US-based fund that has provided non-recourse funding in respect of the arbitration fees and costs for the international investment arbitration against the government of the People's Republic of China (the "PRC government") in respect of the Mining Assets (Note 13).

(g) As announced on 21 February 2023, the Company received the arbitral tribunal's adverse ruling on its jurisdiction and the order to the Company to inter alia pay the sums of United States dollars (USD)280,000 and RMB6,350,000 in legal costs to the PRC government. The Company has filed an appeal in the Swiss courts to set aside the 2 to 1 majority adverse ruling. Should the appeal be unsuccessful, the proceeds from the disposal of the P4 plant Assets as discussed under note (b) above should be sufficient to pay the legal costs to China.

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

If the Group and the Company are unable to continue in operational existence for the foreseeable future, 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 balance sheet. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

4 Property, plant and equipment

The Group	Buildings $'000	Leasehold improvements $'000	Plant and machinery $'000	Motor vehicles and office equipment $'000	Construction-in-progress $'000	Total $'000
Cost						
At 1 January 2021	10,194	420	22,132	939	111	33,796
Additions	-	-	-	12	-	12
Disposals	-	-	-	(42)	-	(42)
Transfer to non-current assets classified as held for sale (Note 14) #	(2,684)	-	(8,371)	(89)	-	(11,144)
Currency realignment	568	7	1,380	30	6	1,991
At 31 December 2021	8,078	427	15,141	850	117	24,613
Currency realignment	**(837)**	**(15)**	**(1,569)**	**(22)**	**(12)**	**(2,455)**
At 31 December 2022	**7,241**	**412**	**13,572**	**828**	**105**	**22,158**
Accumulated depreciation and impairment loss						
At 1 January 2021	5,558	381	13,154	864	111	20,068
Depreciation for the year	316	6	31	6	-	359
Disposals	-	-	-	(19)	-	(19)
Transfer to non-current assets classified as held for sale (Note 14) #	(766)	-	(6,505)	(81)	-	(7,352)
Currency realignment	319	7	848	24	6	1,204
At 31 December 2021	5,427	394	7,528	794	117	14,260
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**
Net carrying amount						
At 31 December 2022	**2,104**	**27**	**6,806**	**46**	**-**	**8,983**
At 31 December 2022	2,651	33	7,613	56	-	10,353

The Group	**2022 $'000**	2021 $'000
Net carrying amount		
Elemental phosphorus ("P4") plant.	**8,950**	10,310
Others	**33**	43
	8,983	10,353

As at 31 December 2022 and 2021, buildings consist of 7 blocks of industrial buildings with a total gross floor area of 11,902.15 square meters located at No. 13, Jing Shi San Road, Gongxing Industrial Park, Gongxing Town, Mianzhu City, Sichuan Province, PRC.

Sodium Tripolyphosphate plant (the "STPP Plant")

On 29 November 2021, the Company's subsidiary, Sichuan Mianzhu Norwest Phosphate Co., Ltd entered into a sale and purchase agreement ("SPA") with Sichuan Mianzhu Huaxinfeng Food Co., Ltd (the Purchaser") relating to the proposed disposal of its Sodium Tripolyphosphate plant (the "STPP Plant") (referred hereinafter as Phase 2 Factory Assets") and the associated land use rights for cash consideration of RMB31,500,000.

Accordingly, the carrying value of entire Phase 2 Factory Assets comprising property, plant and equipment and land use rights of $3,792,000 (RMB17,703,000) and $2,684,000 (RMB12,530,000) (Note 5), respectively, were reclassified from "Property, plant and equipment" and "Right-of-use assets" to "Non-current assets held for sale" (Note 14) in the balance sheet.

4 Property, plant and equipment (Cont'd)

Pursuant to the SPA, as at 31 December 2021, the Group had received 65% of the sales proceeds of RMB20,475,000 (approximately $4,386,000) which was presented as "Advance sales consideration received from proposed disposal of Phase 2 Factory Assets" within trade and other payables (Note 21). On 31 October 2022, the Group received the remaining balance of the sales proceeds of RMB11,025,000. The Group is required to transfer the title deeds of the Phase 2 Factory Assets and the related documents (the "Transfer Documents") to the Purchaser within 30 working days from the date of receipt of the remaining balance of the sales proceeds. As at 31 December 2022, the Group had yet to execute the "Transfer Documents" due to the Covid lockdown imposed by the Chinese government. In accordance with the SPA, both parties have agreed to complete handing over of the Transfer Documents as soon as possible. At the date of these financial statement, the transition of the Transfer Documents is in process, and the directors have not become aware of any information or indications impeding completion of the transaction.

Impairment testing

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

The Group had stopped the production of the elemental phosphorus ("P4") in the second quarter of 2018 to carry out maintenance works on the P4 plant and this was completed in the third quarter of 2018. As at 31 December 2022, production had not resumed 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") comprises property, plant and equipment and right-of-use assets with a carrying value of $8,950,000 (2021 - $10,310,000) and $1,295,000 (2021 - $1,481,000), respectively.

2022

The Group assessed the recoverable amount of the P4 Plant Assets using the fair value less costs of disposal of the P4 Plant Assets as at 31 December 2022 based on an agreement dated 20 March 2023 entered into with an unrelated entity (the "Purchaser"). Pursuant to the agreement, the Group shall lease the P4 Plant Assets effective 20 March 2023 at an annual rental of RMB8 million to the Purchaser with an option to sell the P4 Plant Assets to the Purchaser at a cash consideration of RMB90 million ($17.28 million) upon obtaining a production licence from the local authorities.

2021

The Group assessed the recoverable amount of the P4 Plant Assets based on a valuation report prepared by an independent Chinese professional valuer engaged by one of the Group's bankers, Bohai Bank, to determine the value of the P4 Plant Assets, which were pledged 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 the depreciated replacement cost method to arrive at the valuation.

Assets pledged as security

At 31 December 2022, property, plant and equipment of the Group with a carrying amount of $8,950,000 (RMB 46,610,000) [2021 - $10,310,000 (RMB48,130,000)] are pledged to secure the interest-bearing bank loans (Note 23).

5 Right-of-use assets

The Group	Land use rights $'000	Office premises $'000	Total $'000
Cost			
At 1 January 2021	4,709	190	4,899
Transfer to non-current assets held for sale (Note 14)	(3,119)	-	(3,119)
Currency realignment	262	-	262
At 31 December 2021	1,852	190	2,042
Currency realignment	**(192)**	**-**	**(192)**
At 31 December 2022	**1,660**	**190**	**1,850**
Accumulated depreciation and impairment losses			
At 1 January 2021	669	190	859
Depreciation	96	-	96
Transfer to non-current assets held for sale (Note 14)	(435)	-	(435)
Currency realignment	41	-	41
At 31 December 2021	371	190	561
Depreciation	**36**	**-**	**36**
Currency realignment	**(42)**	**-**	**(42)**
At 31 December 2022	**365**	**190**	**555**
Net carrying amount			
At 31 December 2022	**1,295**	**-**	**1,295**
At 31 December 2021	1,481	-	1,481

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.

The recoverable amount of land use rights, which is part of the cash-generating unit of the P4 Plant Assets, is assessed as disclosed in Note 4.

As at 31 December 2022, right-of-use assets with carrying value of $1,295,000 (RMB6,745,000) [2021 - $1,481,000 (RMB6,917,000)] related to the Elemental phosphorus ("P4") plant was pledged to secure the interest-bearing bank loans (Note 23).

6 Intangible assets

The Group	$'000
Cost	
At 1 January 2021	159
Exchange differences on translation	2
At 31 December 2021	161
Exchange differences on translation	**(17)**
At 31 December 2022	**144**
Accumulated amortisation	
At 1 January 2021	159
Exchange differences on translation	2
At 31 December 2021	161
Exchange differences on translation	**(17)**
At 31 December 2022	**144**
Net carrying amount	
At 31 December 2021 and **at 31 December 2022**	**-**

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

7 Investment in subsidiaries

The Company	**2022 $'000**	2021 $'000
Unquoted shares, at cost:		
At 1 January	**45,449**	45,449
Additions	**-**	-
At 31 December	**45,449**	45,449
Less: Accumulated impairment		
At 1 January	**36,049**	-
Impairment loss*	**-**	36,049
At 31 December	**36,049**	36,049
Carrying amount	**9,400**	9,400

Impairment testing

2022

The Group assessed the recoverable amount of investment in subsidiaries 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"). Pursuant to the agreement, the Group shall lease the P4 Plant Assets effective 20 March 2023 at an annual rental of RMB8 million to the Purchaser with an option to sell the P4 Plant Assets to the Purchaser at a cash consideration of RMB90 million ($17.28 million) upon obtaining a production licence from the local authorities.

2021

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

7 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 2022 %	2021 %	Principal activities
Held by the Company				
Norwest Chemicals Pte Ltd #	Singapore	**100**	100	Investing in chemical projects, general wholesale trade and trading of chemicals
Held through Norwest Chemicals Pte Ltd				
Sichuan Mianzhu Norwest Phosphate Chemical Co., Ltd +	People's Republic of China	**100**	100	Exploration, mining and sale of phosphate rocks, the production and sale of phosphorus and phosphate based chemical products
XDL Resources Pte. Ltd. #	Singapore	**100**	100	Investment holding
Held through XDL Resources Pte. Ltd.				
Deyang City Xianrong Technical Consulting Co., Ltd. ^	People's Republic of China	**100**	100	Mining activities, internet technology consulting services, and wholesale of mineral products; and transportation services
Held through Deyang City Xianrong Technical Consulting Co., Ltd.				
Deyang Fengtai Mining Co., Ltd.+	People's Republic of China	**55**	55	Sale of mineral products

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

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 2022					
Deyang Fengtai Mining Co., Ltd.	**People's Republic of China**	**45%**	**(1)**	**(2,538)**	-
At 31 December 2021					
Deyang Fengtai Mining Co., Ltd.	People's Republic of China	45%	(11,847)	(2,537)	-

7 Investment in subsidiaries (Cont'd)

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

	2022 $'000	2021 $'000
Current assets	**7**	1,111
Non-current assets	**-**	-
Current liabilities	**(503)**	(1,604)
Non-current liabilities	**-**	-
Net assets	**(496)**	(493)

Summarised statement of comprehensive income

	2022 $'000	2021 $'000
Loss before taxation	**(58)**	(26,411)
Loss after taxation representing total comprehensive loss for the year	**(3)**	(26,327)
Other summarised information		
Net cash flows from operating activities	**(58)**	(538)
Net cash flow from investing activities	**-**	-
Net cash flows from financing activities	**8**	-

13 Discontinued operations and disposal group

The Group	2022 $'000	2021 $'000
Assets of disposal group:		
Mine properties	**58,743**	65,509
Mining related property, plant and equipment	**11,000**	12,267
Goodwill	**12,249**	12,249
Deposits for rehabilitation and mining levy	**37**	41
	82,029	90,066
Impairment losses	**(82,029)**	(90,066)
	-	-
Liabilities of disposal group:		
Provision for rehabilitation	**(764)**	(852)
	(764)	(852)
Net liabilities of disposal group	**(764)**	(852)

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

The Group	2022 $'000	2021 $'000
At beginning of the year	**90,066**	-
Impairment loss recognised	**-**	90,066
Currency realignment	**(8,037)**	-
	82,029	90,066

Mining Assets

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

13 Discontinued operation 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 Assets is expected to be recovered principally through compensation receivable from the Chinese Government for the expropriation of the Mining Assets.

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

As at 31 December 2022, the disposal of Mining Assets has not been completed. The Group is open to considering any compensation proposal from the Chinese Government.

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 at 31 December 2022 and 2021.

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 $90,000,000 on the Mining Assets presented within "assets of disposal group", and reversed deferred tax liabilities of $16,380,000 from "liabilities of disposal group" to "Tax credit" in "Profit/(Loss) from discontinued operations, net of tax".

Income statement disclosures:

The results of discontinued operations related to the Mining Assets and Phase 2 Factory Assets for the years ended 31 December 2022 and 2021 are as follows:

The Group	**2022 $'000**	2021 $'000
Revenue	**-**	301
Cost of sales	**-**	(86)
Gross profit	**-**	215
Finance costs	**(121)**	(139)
Other expenses – impairment loss on Mining Assets	**-**	(90,066)
Interest income	**151**	-
Other income	**68**	208
Profit/(Loss) before tax from discontinued operations	**98**	(89,782)
Tax credit (Note 29)	**-**	16,383
Profit/(Loss) from discontinued operations, net of tax	**98**	(73,399)

21 Trade and other payables

	The Group		The Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Trade payables	**244**	57	**-**	-
Fixed assets vendors	**173**	235	**-**	-
Taxes other than income tax	**1,700**	1,771	**-**	-
Other payables	**593**	889	**21**	600
Accrued liabilities	**622**	717	**284**	198
	3,332	3,669	**305**	798
Advance sales consideration received from proposed assets disposal *	**6,048**	4,386	**-**	-
	9,380	8,055	**305**	798

As at 31 December 2022, advance payment relates to full sales consideration received (31 December 2021 - 65% of the sales consideration received) in relation to the proposed disposal of Phase 2 Factory Assets) (Note 4, Note 5) classified as non-current assets held for sale (Note 14).

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.