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Update on transaction with Sichuan Rongda Yuexiang Chemical Group Co., Ltd.

1. INTRODUCTION

The Board of Directors of AsiaPhos Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the announcements on 22 March 2023, 12 June 2023, 28 June 2023, 3 July 2023, 14 August 2023 and 24 August 2023 and the Circular to Shareholders dated 14 April 2023 and would like to provide an update.

The Company has obtained shareholders' approval on 29 April 2023 on *inter alia,* the proposed transactions with Sichuan Rongda Yuexiang Chemical Group Co., Ltd

2. UPDATE

The Company's wholly owned subsidiary, Sichuan Mianzhu Norwest Phosphate Co., Ltd ("**SMNPC**") has entered into a supplementary cooperation agreement II **("Agreement II")** with Sichuan Rongda Yuexiang Chemical Group Co., Ltd. **("Rongda")** on 29 January 2024.

The cooperation agreement dated 20 March 2023 and the supplemental cooperation agreement dated 22 March 2023 shall collectively be referred as the **"Cooperation Agreement"** or the **"Agreement"**.

Pursuant to the **"Agreement II"**:-

i) **Rongda** agrees and undertakes to pay RMB 20 million to **SMNPC** before **Agreement II** takes effect, which will be used to repay Bohai bank loan principal and interest within three working days after **SMNPC** receiving the RMB 20 million, and

SMNPC shall apply to Bohai Bank for the mortgage/pledge release procedures for the mortgaged/pledged assets and apply release credit guarantee **("Guarantee Release Procedures")** within three working days after repaying Bohai bank loan principal and interest.

ii) After **SMNPC** completes the above guarantee release procedures, it sends a written notice to **Rongda**. **Rongda** shall, within three working days after receiving the written noticeremit the remaining balance of RMB 39.39 million to the escow account ("escow account") opened by **SMNPC** at the Mianzhu Branch of Agricultural Bank of China Co., Ltd. (the "custodian bank").

iii) After **Rongda** pays RMB 39.39 million to the escrow account,

a) **SMNPC** shall inject the yellow phosphorus plant assets into the newly incorporated subsidiary, Sichuan Rongdafeng Chemical Co Ltd **("Rongdafeng")** under the **Cooperation Agreement**;

b) **SMNPC** shall transfer agreed payables account: **SMNPC**, **Rongdafeng** and **SMNPC's creditors** sign a three-party creditor's rights and debt transfer agreement, stipulating that **Rongdafeng** will assume all the debts relating to **SMNPC**'s yellow phosphorus plant assets (the debt limit is RMB 14.61 million).

If Rongdafeng fails to undertake SMNPC's all debts/creditors, then the transaction balance payable by Rongda shall be increased by the amount of the untaken debt/creditors. i.e, the transaction balance payable by Rongda = RMB 39.39 million + the debt amount (if any) that Rongdafeng failed to take over);

c) Personnel transfer: **SMNPC** terminates the labour contract with the existing 8 employees ("transfer personnel") and settles the wages and social insurance and housing fund. **Rongdafeng** will then sign a labour contract with the transfer personnel and continue to pay the social insurance and housing fund.

iv) After the above yellow phosphorus plant assets are injected into **Rongdafeng**, **SMNPC** will cooperate with **Rongdafeng** to change its legal representative, general manager, directors, supervisor and senior management personnel to **Rongda's** designated personnel and start the industrial and commercial change registration/filing procedures ("personnel business change"), Rongda will provide necessary cooperation and assistance for the personnel business change.

Within [1] days after the completion of the aforementioned personnel and commercial changes, **Rongda** will release the entire balance held in escrow account and related income (including but not limited to bank interests) in the escrow account to SMNPC and pay it to the bank account designated by SMNPC.

If **Rongda** fails to designate personnel within 3 days after the assets of the yellow phosphorus plant are injected into **Rongdafeng**, **Rongda** is still obliged to transfer the balance in the escrow account and all relevant proceeds (including but not limited to bank interests) will be released to **SMNPC** and pay to the bank account designated by **SMNPC**. **Rongda** will continue to send designated personnel and handle subsequent industrial and commercial change registration/filing procedures.

v) Both parties agree and commit that within 15 days after **Rongda** releases the entire balance in the escrow account to **SMNPC**. **SMNPC** shall transfer all the company stamps, business licenses, bank accounts and other information required for operation of **Rongdafeng** to **Rongda**.

Rongda is responsible for handling the production license under the **Cooperation Agreement** (i.e. all certificates, licenses, government licenses, approvals, and filing procedures required for the asset operation of the yellow phosphorus plant, including but not limited to environmental assessment, safety assessment, hazardous chemicals production, fire protection, technical transformation, energy assessment, job assessment, sewage/drainage permit, special equipment use permit, hazardous chemicals storage and transportation permit, inspection and laboratory equipment certificate and use permit, double-high industry approval, etc.).

vi) **Rongda** will issue a share transfer notice to **SMNPC** after paying all transaction prices. **SMNPC** will submit to the industrial and commercial registration authority within 30 working days after receiving the share transfer notice that **SMNPC** will transfer 100% of the equity of **Rongdafeng** to **Rongda** or **Rongda** designated party (**"Equity Transfer"**), **Rongda** shall provide necessary cooperation and assistance.

vii) If **SMNPC** breach the provisions of **Agreement II**, **SMNPC** must refund all the money received from **Rongda** and bear a liability equal to 30% of the total transaction amount under the **Cooperation Agreement**.

viii) If **SMNPC** has transferred the assets of the yellow phosphorus plant to **Rongdafeng**, but **Rongda** refuses or fails to transfer personnel to **Rongdafeng** or transfer of equity as required in **Agreement II**. **SMNPC** has the right to require **Rongda** to bear liquidated damages equal to 30% of the total transaction amount under the **Cooperation Agreement**, and does not need to refund all the money paid by **Rongda**.

ix) Both parties agree that if change of China's laws, regulations and policies and **SMNPC** fails transfer of assets or **Rongdafeng** equity or personnel, **SMNPC** and **Rongda** agree to make their best efforts to take reasonable and necessary measures to promote the above-mentioned asset transfer and equity transfer within 36 months from the effective date of this agreement to achieve the purpose of this transaction.

If the asset transfer and **Rongdafeng** equity transfer have not been completed at the expiration of the 36-month period, **SMNPC** shall refund **Rongda** payment under item 2 of **Agreement II (see (ii) above")** without interest within 10 working days from the expiration date of the 36-month period or **Rongda** has the right to require **SMNPC** to continue execute the agreement. After the aforementioned funds are refunded, the **Cooperation Agreement**, **Agreement** and **Agreement II** will be automatically terminated, and both parties will not be liable for breach of agreement.

x) Except for the above agreement, any party's reach of any terms of **Agreement II** shall constitute a breach of agreement liable to pay fees and expenses stated in the **Agreement II**.

xi) **Agreement II** is a supplement to the **Cooperation Agreement** and the **Agreement** and has the same legal effect. If there is any inconsistency between among the above, **Agreement II** shall prevail.

xii) **Agreement II** is established after it is signed and stamped by **SMNPC** and **Rongda**, and will officially take effect after **Rongda** paid RMB 20 million to **SMNPC**. If Rongda fails to pay RMB 20 million to **SMNPC** within 2 working days after signing **Agreement II**, it will be automatically terminated.

The net amount after settlement of Bohai Bank Loan to be received by SMNPC under Agreement II is RMB 42.59 million. This is an increase of approximately RMB2 million when compared to the consideration payable by Rongda of RMB40.6 million upon completion disclosed in our announcement on 22 March 2023 and the Circular to Shareholder dated 14 April 2023. This difference is due to the additional equity injected by the Company when it partially repaid the RMB 2million of the Bohai bank loan in December 2023.

Based on advice from the Company's lawyers, the Directors confirmed that save as disclosed above, there are no material differences to the key terms and conditions for the proposed transactions.

The Company will make such further announcements via SGXnet at the appropriate juncture, as and when it receives further information and when there are material developments in relation to this matter.

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the proposed transactions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Shareholders and potential investors should exercise caution when trading in the Company's shares. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

BY ORDER OF THE BOARD

Dr Ong Hian Eng
Executive Director
AsiaPhos Limited

29 January 2024

*This announcement has been reviewed by the Company's Sponsor, Asian Corporate Advisors Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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