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ENTRY INTO COOPERATION AGREEMENT

1. INTRODUCTION

The Board of Directors of AsiaPhos Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company's wholly owned subsidiary, Sichuan Mianzhu Norwest Phosphate Co., Ltd ("**SMNPC**") has entered into a cooperation agreement with Sichuan Rongda Yuexiang Chemical Group Co., Ltd. ("**Rongda**") on 20 March 2023 in connection with, *inter alia,* the temporarily lease of the yellow phosphorus plant asset including plants buildings, plants facilities and equipment, process devices, projects under construction, and such other civil constructions and structures etc. (excluding such other assets like mining assets) for the production of yellow phosphorus (the "**P4 Plant**") owned by SMNPC to Rongda, being parties ("**Parties**") to the Agreement.

In addition, SMNPC and Rongda has entered into a supplemental cooperation agreement dated 22 March 2023 to amend, *inter alia,* the clause on payment of the rental and lease deposit. 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 Cooperation Agreement:-

(a) SMNPC shall temporarily lease out the P4 Plant to Rongda for a period of one year from the effective date of the Agreement, in accordance with the terms as set out in the Cooperation Agreement (the "**Proposed Lease**");

(b) SMNPC has the right (the "**Proposed Sale Option**") to transfer the P4 Plant including such agreed liabilities into a newly incorporated company to be established (the "**New Company**") and sell its entire equity interest in the New Company to Rongda in accordance with the terms and provisions as set out in the Cooperation Agreement (the "**Proposed Disposal**"), and Rongda agrees to purchase the New Company in accordance with the terms and conditions agreed in the Cooperation Agreement;

(c) SMNPC will establish the New Company, and both SMNPC and Rongda will be responsible for handling all qualifications, licenses, government permits, approvals and filing procedures required for the resumption of production for the P4 plant, including but not limited to environmental impact assessment, safety assessment, hazardous chemical production, fire protection, technical transformation, energy assessment, professional evaluation, sewage discharge/drainage license, special equipment use license, hazardous chemical storage and transportation license, inspection and laboratory equipment qualification certificate, approval for industries with high pollution and environmental risks, and so forth etc (hereinafter collectively referred to as "**Production License**") to be procured under SMNPC; and

(d) After SMNPC obtains the Production License, SMNPC shall inject the P4 Plant and corresponding liabilities (including, *inter alia,* short term loan of approximately RMB18.8 million payable to Bohai Bank Co., Ltd., and the interest payable thereof hereinafter refer to as the "Bohai Bank Loan" and personnel, and so forth) into the New Company and exercise the Proposed Sale Option, and Rongda shall acquire 100% equity interest in the New Company in accordance with the terms and provisions as set out in the Cooperation Agreement.

The Proposed Lease, Proposed Sale Option, and Proposed Disposal are referred as the "**Proposed Transactions**".

Based on the Cooperation Agreement, SMNPC will, *inter alia,* apply for a renewal of the Production License (together with the assistance of Rongda), and thereafter set up the New Company and transfer the P4 Plant at the agreed value of approximately RMB90.0 million (or RMB86.0 million after subtracting the agreed discount of RMB4.0 million for the purpose of determining the Consideration (defined later)) and certain liabilities of approximately RMB33.4 million (as agreed) as well as the Production License to the New Company.

2. INFORMATION ON THE P4 PLANT

The P4 Plant covers an area of 54,862.70 square meters and located in Deyang-Aba Ecological Economic Industrial Park, Mianzhu City, Sichuan Province, the People's Republic of China ("**PRC**"). The P4 Plant processes phosphate rocks into yellow phosphorus ("**P4**"), which is used in the production of phosphoric acid, phosphates, phosphorus pentoxide, pesticides and fertilisers. The P4 Plant has a production capacity of 20,000 tonnes of P4 annually.

The P4 Plant was shut down in June 2018 for maintenance and production was not resumed after the maintenance was completed, due to non-availability of raw materials. The production of P4 was affected by the lack of access to phosphate rocks (a key raw material for cost efficient production of P4), due, *inter alia,* to the expropriation of the Group's mines by the PRC government and the limited supply of phosphate rocks. As at the date of this announcement, the Company understands that the supply of phosphate rocks being feedstocks for the P4 Plant has become available as mines near the P4 Plant has resumed mining and more mines may obtain approval from the PRC government to resume mining. Accordingly, the disposal of the P4 plant is appropriate now given the circumstances facing the Company and the overall economic, demand and supply conditions for P4. Despite the improved market and economic conditions, the Group has decided not to operate the P4 Plant as this will require financing for the application or renewal of its production license, required maintenance of the P4 Plant for the resumption of production, as well as working capital for the P4 Plant once it starts operating.

As at the date of this announcement, the P4 Plant remains idle. The Production Licence of the P4 Plant has expired since April 2020. As such, the P4 Plant did not produce P4 since it was shut down in June 2018 and record any revenue. The loss after tax attributable to the P4 Plant is approximately RMB5.2 million for the financial year ended 31 December 2022 ("**FY2022**").

The P4 Plant including the land use right is currently pledged as collateral for the secured loan from Bohai Bank ("**Bohai Bank Loan**") of approximately RMB18.8 million. It is the intention of the parties to transfer certain liabilities, *inter alia,* the Bohai Bank Loan and interest payable pursuant to such loan to the New Company. In the event that the Bohai Bank Loan cannot be transferred or if Bohai Bank Loan does not agree to re-lend such amounts to the New Company, the parties shall negotiate for the most conducive way for the realisation of the Cooperation Agreement to transfer or liquidate the liabilities. This *includes, inter alia,* Rongda providing a guarantee to facilitate re-lending to the New Company or in lieu of repayment to Bohai Bank Loan in advance).

The Company has engaged Zhong Ming (Beijing) Assets Appraisal International Co. Ltd, (中铭国际资产评估（北京）有限责任公司), an independent valuer (the "**Independent Valuer**") to provide the market value of the P4 Plant for the purpose of the Proposed Sale Option and the Proposed Disposal. Pending finalisation of the valuation report, the Independent Valuer has provided an indicative market value of RMB84,182,200 as at 30 September 2022 for the P4 Plant assets (excluding the liabilities to be transferred). The said indicative market value was derived from the

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cost method. The Independent Valuer is licenced by the Ministry of Finance (PRC) to undertake valuation services and has completed several such valuations for listed companies.

The Board confirmed that the valuation report will be or has been prepared in accordance with the relevant local standards for real property prescribed by a recognised professional body or relevant authority in the PRC.

The following tabulates *inter alia* the:

(a) Net asset value of SMNPC as at 31 December 2022;

(b) Net asset value of the New Company as at 31 December 2022 after taking into account effects of the sale or injection of the P4 Plant at its book value as at 31 December 2022 of approximately RMB56.6 million and the transfer of certain liabilities of approximately RMB33.4 million to the New Company as agreed between the Parties (the "**Book NAV**");

(c) Net asset value of the New Company after taking into account effects of the sale or injection of the P4 Plant at the agreed value of approximately RMB90.0 million (or RMB86.0 million after subtracting the agreed discount of RMB4.0 million for the purpose of determining the Consideration) and the transfer of certain liabilities of approximately RMB33.4 million to the New Company as agreed between the Parties (the "**Agreed NAV**");

c) Pro-forma revalued net asset value of the New Company after taking into account effects of the sale or injection of the P4 Plant based on the indicative market value of approximately RMB84.2 million, and the transfer of certain liabilities of approximately RMB33.4 million to the New Company as agreed between the Parties (the "**RNAV**"),

on the assumption that the Proposed Transactions had been completed on 31 December 2022, being the end of the most recently completed financial year of the Group.

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Figures in RMB'000	SMNPC	Book NAV	New Company Agreed NAV	RNAV
Non Current Assets				
P4 Plant (ROU land use rights and Fixed Assets)	56,646	56,595[(1)]	90,000[(2)]	84,182[(3)]
Current Assets	90,166	-	-	-
Total Assets	146,812	56,595	90,000	84,182
Current Liabilities				
To be transferred (including Bohai Bank Loan)[4]	33,405	33,405	33,405	33,405
To remain	54,364	-	-	-
	87,769	33,405	33,405	33,405
Non Current Liabilities	116,758	-	-	-
Total Liabilities	204,527	33,405	33,405	33,405
Net asset value	(57,715)	23,241	56,595	50,778

Notes:

(1) Based on the book value of approximately RMB56.6 million for the P4 Plant (excluding liabilities to be transferred) as agreed by the Parties

(2) Based on the agreed value of RMB90.0 million (or RMB86.0 million after subtracting the agreed discount of RMB4.0 million for the purpose of determining the Consideration) for the P4 Plant assets (excluding liabilities to be transferred) as agreed by the Parties.

(3) Based on the indicative market value of approximately RMB84.2 million for the P4 Plant assets (excluding liabilities to be transferred) as ascribed by the Independent Valuer.

(4) Current Liabilities to be transferred include trade payables, other payables, advances from customers, and the Bohai Bank Loan.

Accordingly, the RNAV of the New Company (after taking into consideration the indicative market value as ascribed by the Independent Valuer of approximately RMB84.2 million) is approximately RMB50.8 million as at 31 December 2022. However, the Parties have agreed to use the Agreed NAV of the New Company of approximately RMB56.6 million (based on, *inter alia,* an agreed value of RMB90.0 million (or RMB86.0 million after subtracting the agreed discount of RMB4.0 million for the purpose of determining the Consideration) for the P4 Plant (excluding liabilities to be transferred). The Consideration for the 100% equity in the New Company has been agreed to be approximately RMB40.59 million, after taking into account the RMB4.0 million that the Group had agreed to contribute as its share of the expenses required for the renewal of the Product License and the aggregate amount of rental and lease deposit of RMB12.0 million.

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3. INFORMATION ON RONGDA

The information on Rongda provided below was provided to the Company by Rongda. In respect of such information, the Board has not conducted an independent review or verification of the accuracy and correctness of the statements and information below. The Board's responsibility is limited to the proper extraction and reproduction herein in the context that is being disclosed in this announcement.

Rongda was incorporated in the PRC on 3 November 3, 2021. Its business includes: production of chemical products (excluding licensed chemical products); sales of chemical products (excluding licensed chemical products); manufacturing of special chemical products (excluding hazardous chemicals); sales of special chemical products (excluding hazardous chemicals); biochemical product technology research and development; metal ore sales; non-metallic ore and product sales; fertilizer production.

Rongda's shareholders are Wu Dan (95%) and Cao Mingxuan (5%).

The sole director of Rongda is Wu Dan.

There is no relationship (including financial and business connections) between Rongda, its directors and shareholders with the Group, the Company's directors and substantial shareholders.

As announced on, *inter alia,* 21 February 2023 and 28 February 2023, the Company has been in discussions with various parties over the course of the last 3 years on the disposal of the P4 plant, and as at the date of the Cooperation Agreement, the Proposed Lease, Proposed Sale Option and Proposed Disposal represents a realistic opportunity for the Group to dispose of its P4 plant and associated liabilities.

4. THE PROPOSED LEASE

The key terms of the Proposed Lease are, *inter alia:*

4.1 The lease term shall last one year, commencing from the effective date of the Cooperation Agreement, upon the delivery of the P4 Plant by SMNPC to Rongda. The Parties may, considering the handling progress of SMNPC on Production Licenses for the production restart of the P4 Plant, and asset injection of the P4 Plant assets into the New Company, opt for lease renewal until the completion of the cooperation under the Cooperation Agreement.

4. 2 During the lease terms, the annual rent shall be RMB8.0 million exclusive of value added tax ("**VAT**"). At the same time, Rongda shall pay SMNPC RMB4.0 million as the lease deposit. Provided no breaches of SMNPC to the Cooperation Agreement the rent, prepaid VAT, and lease deposit shall not be refunded. The rent, prepaid VAT, and lease deposit may be deducted from the equity sale according to terms agreed in the Cooperation Agreement.

4.3 Rongda shall pay the lease deposit amount of RMB4.0 million within two (2) business days upon signing the Cooperation Agreement. The rent of RMB8.0 million for the first year and the VAT payable shall be paid within one (1) business day after SMNPC's delivery of the P4 Plant to Rongda. The rent and VAT payable in advance for the second year and thereafter (if any) shall be paid (10) ten days in advance of the renewal of the Agreement. As at 22 March 2023, the lease deposit of RMB4.0 million has been received by SMNPC.

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4.4 In the event that there are damages, fines for security, environmental protection, fire protection, labor employment, hazardous chemicals, industrial products, waste handling, and other issues, as well as the overdue fee, delayed payment of rent, or any other payables caused by Rongda, SMNPC shall have the right to deduct directly from the lease deposit.

4.5 Resumption of the P4 Plant's production:

- Rongda shall bear all the capital investment required for the restart of production of the P4 Plant, and shall bear all the costs and expenses incurred for obtaining the Production Licenses, new installations and equipment, comprehensive maintenance of the plant, employee recruitment and training, workers' wages and social insurance, raw material procurement, and prepayment of electricity charges.

- Whilst SMNPC is not responsible for capital investment, it shall cooperate with Rongda to prepare all corresponding documents and materials for the resumption of the production for the P4 Plant, including but not limited to submitting reports on resumption of production to relevant government departments and professional units in the name of SMNPC, providing all documents required for the processing of the Production Licenses (for which Rongda shall bear the costs incurred in the process of document preparation and government approval), providing existing equipment and plant drawings, and providing other certificates and documents that have been originally processed.

Save as disclosed above, there are no other material terms and conditions for the Proposed Lease.

5. THE PROPOSED SALE OPTION

5.1 Terms of the Proposed Sale Option

The key terms of the Proposed Sale Option are, *inter alia*:

5.1.1 Whilst SMNPC is responsible for registering the New Company, and SMNPC shall apply for a production license, and inject the P4 Plant together with the Production License into the New Company, Rongda will bear all costs and expenses for the application of the Production License and funds required for the normal operation of the P4 Plant.

5.1.2 Upon award of the Production License, SMNPC is responsible for the restructuring of the P4 Plant including such agreed corresponding liabilities (mainly Bohai Bank loans, personnel, etc.) into the New Company. In addition, Rongda is responsible for assisting and cooperating with SMNPC for the re-lending of the existing Bohai Bank Loan to the New Company. If Bohai Bank does not agree to re-finance the said loan, SMNPC and Rongda shall negotiate for the most conducive way to transfer or liquidate the liability (for instance, Rongda will provide a guarantee to facilitate the re-lending to the New Company or in lieu of repayment to Bohai Bank Loan in advance).

5.1.3 Provided (1) Rongda has fulfilled its obligations pursuant to the Cooperation Agreement, including the timely payment of rent and lease deposit in full; (2) SMNPC has obtained the Production Licenses for the resumption of production for the P4 Plant, and the completion of SMNPC's restructuring and injection of

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the P4 Plant (including corresponding liabilities, comprising mainly the Bohai Bank Loan, personnel, etc.) into the New Company; and (3) subject to the approval of the shareholders of Company ("**Shareholders**") at a general meeting and the Singapore Stock Exchange Securities Trading Limited ("**SGX-ST**") (if applicable) (hereinafter collectively referred to as the "**Prerequisites**"), SMNPC shall have the right to sell all the shares of the New Company to Rongda in accordance with the provisions of the Cooperation Agreement. Upon exercise of SMNPC's Proposed Sale Option and decision to sell, Rongda shall be obligated to acquire all the shares of the New Company in accordance with the terms and conditions of the Cooperation Agreement. The specific purchase matters shall be separately negotiated by both parties, with the execution of a new sales and purchase agreement for clarity.

5.1.4 Valuation and pricing: SMNPC shall be responsible for the appointment of a qualified asset appraisal firm in China for the valuation of the P4 Plant. As at the date of the Cooperative Agreement, an Independent Valuer has already been appointed. Pursuant to the Cooperative Agreement, a value of approximately RMB52.59 million has been determined and agreed between the Parties (based on a value of approximately RMB90.0 million for the P4 Plant instead of indicative market value as determined by the Independent Valuer of approximately RMB84.2 million and a combination of other factors). The Parties further agree that the lease deposit of RMB4.0 million and the lease payment for rent for the first year of RMB8.0 million and such subsequent rent (if applicable) shall be applied towards the consideration and the balance of the consideration of approximately RMB40.59 million (please refer to the table at Section 5.2). Such amounts shall be paid in one lump sum within three (3) days after SMNPC decides or chooses to sell and issues a notice of sale.

Shareholders should note that as the Proposed Sale Option is exercisable at the discretion of the issuer and the exercise terms are fixed at the time of grant, and as the Proposed Lease is one of the transactions stipulated under the Agreement and as the Proposed Disposal is a major transaction (see Section 9 of this announcement), the Cooperation Agreement is subject to Shareholder's approval.

5.2 Consideration

Upon exercise of the Proposed Sale Option, the total consideration to be received (on the assumption that the Proposed Disposal will be completed in less than 1 year) by SMNPC is RMB40.59 million (or approximately S$7.9 million based on the exchange rate S$1: RMB5.141 as at 20 March 2023) in cash ("**Consideration**") and payable in one lump sum within three (3) days after SMNPC exercises the Proposed Sale Option and notification of sale.

The Consideration is derived based on willing buyer willing seller basis and after considering, *inter alia,* the Agreed NAV of the New Company, the indicative market value of the P4 Plant as ascribed by the Independent Valuer, the liabilities to be transferred to the New Company pursuant to the Cooperation Agreement, the lease payment and the lease deposit, and on the assumption that the Proposed Transactions are completed with a year.

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Figures in RMB' million	New Company
Agreed NAV	56.6
Less agreed discount	(4.0)
Consideration for the purchase of the New Company	52.6
Less lease deposit and rental paid	(12.0)
Consideration to be paid on completion of the Proposed Transactions	40.6
Aggregate consideration (comprising lease deposits, rental, and the Consideration)	52.6
RNAV of the New Company	50,8

Accordingly the aggregate consideration paid (comprising lease deposit, rental and Consideration for purchase of New Company) of approximately RMB52.59 million is at a premium of approximately 3.6% over the RNAV of the New Company

5.3 Gain on disposal

The Book NAV of the P4 asset less related liabilities as at 31 December 2022 is approximately RMB23.2 million. As such, the Group is expected to recognise a gain from the Proposed Disposal of approximately RMB37.4 million (after taking into account reversal of deferred tax liabilities of RMB6.3 million and deferred income of RMB9.7 million). In addition, the Group will also receive rental income of RMB8 million.

6. USE OF PROCEEDS

The proceeds from the rental and lease deposit of approximately RMB12.0 million in aggregate shall be used to finance the Group's operating expenses, working capital and to meet such obligations of the Group as may arise from time to time.

The proceeds from the Proposed Disposal being the Consideration of approximately RMB40.59 million shall be used for (where applicable), *inter alia,* working capital, investments and to meet such obligations of the Group as may arise from time to time.

Pending deployment of the proceeds from Proposed Lease and the Proposed Disposal for such purposes, the proceeds may be placed in deposits with banks or financial institutions as the Directors may, in their absolute discretion, deem fit.

7. RATIONALE FOR THE PROPOSED TRANSACTIONS

The P4 Plant has been idle and ceased its production since June 2018. In addition, the Group has also ceased the manufacturing of phosphate based chemical products (including, *inter alia,* STPP) since May 2019. Consequently, the Group's business model has since changed and focus mainly on trading of phosphate based chemical products. Such decision was made in view of, *inter alia,* the ongoing dispute with the Chinese Government in connection with the expropriation of the Group's mining licenses.

The Board is of the view that the Proposed Transactions is in the best interest of the Group, as:

(a) Rongda has been identified after an extensive period of search and negotiations of about 3 years. There has been difficulty in finding buyers given the specialised nature of the P4 Plant and the needs to renew production license as well as maintenance of the P4 Plant. The Agreement represents a realistic option for the Group to dispose of its P4 Plant given the current state of the P4 Plant;

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(b) The P4 Plant has been idle and did not record any revenue for a period of time, and its disposal requires a renewal of production licenses, and maintenance of the said facilities for the resumption of production;

(c) Given the Group's currently weak financial position and performance, it represents a realistic opportunity for the Group to realise its investments in its P4 Plant taking into account the need for application of Production Licences, funds needed for such application as well as for the maintenance of the plant and facilities to resume production;

(d) The Proposed Transactions will enable the Group to realize or unlock the value of the P4 Plant and generate returns for Shareholders. This is in line with the Group's strategy to restructure the Group (enhancing the Group's financial position and facilitating the Group's future investment;

(e) The aggregate consideration paid (comprising lease deposit, rental and Consideration for purchase of New Company of approximately RMB52.59 million, is at a premium of approximately 3.6% above the RNAV of the New Company (after taking into consideration the indicative market value as ascribed by the Independent Valuer) and this is reasonable given, *inter alia,* the specialised nature of the P4 Plant, the Group's constraints in raising financing, structure of the Proposed Transactions, provision of funding by Rongda for the application of the Production License and maintenance of the plant and facilities to resume production; and

(f) The Proposed Transactions are both cash flow and earnings accretive for the Group, with favourable financial effects for NTA and LPS (both defined later). It will also remove all external borrowings from the Group's statement of financial position.

8. FINANCIAL EFFECTS

The financial effects of the Proposed Transactions on the net tangible asset ("**NTA**") or net tangible liabilities ("**NTL**") per share, and loss per share ("**LPS**") of the Group, prepared based on the unaudited consolidated financial statements of the Group for FY2022 are set up below. The financial effects should not be taken as an indication of the actual financial performance or position of the Group following the Proposed Transactions nor a projection of the future financial performance or position of the Group after the completion of the Proposed Transactions.

NTA

Assuming the Proposed Transactions had been completed on 31 December 2022, being the end of the most recently completed financial year of the Group, the financial effects on the NTA or NTL per share of the Group would be as follows:

	Before the Proposed Transactions	**After the Proposed Transactions**
(NTL)/NTA (S$'000)	(2,116)	6,604
Number of Ordinary Shares	1,031,524,685	1,031,524,685
(NTL)/NTA per share (S$ cents)	(0.21)	0.64

LPS

Assuming the Proposed Transactions had been completed on 1 January 2022, the loss attributed to the ordinary shareholders of the Company and the financial effects on the LPS of the Group for the FY2022 would be as follows:

	Before the Proposed Transactions	**After the Proposed Transactions**
Net (loss)/after after tax (S$'000)	(2,091)	7,696
Number of Ordinary Shares	1,031,524,685	1,031,524,685
(Loss)/earnings per share (S$ cents)	(0.20)	0.75

Shareholders should note that the Proposed Lease is expected to have a material and favourable effect on the NTA per share and EPS for the current financial year ending 31 December 2023. In addition, in the event the Proposed Disposal is completed by this current financial year ending 31 December 2023, the Proposed Disposal is also expected to have a material and favourable effect on the NTA per share and EPS for the current financial year ending 31 December 2023.

9. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

Based on the latest announced unaudited consolidated financial statements of the Group for FY2022, the relative figures for the Proposed Disposal computed on the bases set out in Rules 1006 (a) to (e) of the Catalist Rules are as follows:

Rule 1006 of the Catalist Rules	**Bases**	**Relative Figures**
1006 (a)	Net asset value of the assets to be disposed of, compared with the group's net asset value	213.6%[(1),(4)]
1006 (b)	Net profits attributable to the assets acquired or disposed of, compared with the group's net profits	37.4% [(2),(4)]
1006 (c)	Aggregate value of the consideration given or received, compared with the issuer's market capitalisation, based on the total number of issued shares excluding treasury shares	95.7%[(3),(4)]
1006 (d)	Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
1006 (e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves	Not applicable

Note:

(1) Based on the Book NAV of the New Company of approximately RMB23.2 million as at 31 December 2022 (or approximately S$4.5 million) over the net liabilities value of the Group of approximately S$2.1 million as at 31 December 2022 (in absolute relative figure). In the event the Agreed NAV of the New Company of approximately RMB56.6 million (or approximately S$11.0 million) is used, the absolute relative figure under Rule 1006(a) will be 520.2%. In the event the RNAV of the New Company of approximately RMB50.8 million (or approximately S$9.9 million) is used, the absolute relative figure under Rule 1006(a) will be 466.7%.

(2) The net profit means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. The Group recorded a loss (including discontinued operations) before income tax and non-controlling interest of approximately S$1.5 million for FY2022 and the pro-forma pre-tax loss attributable to the New Company is approximately S$0.6 million for FY2022.

*(3) Computed based on the Consideration of approximately RMB40.59 million (or approximately S$7.9 million) and the market capitalisation of the Group of approximately S$8.3 million as at 16 March 2023, being the last trading day for the Company's shares ("**Shares**") preceding 20 March 2023, being the date of the execution of the Cooperation Agreement. The Group's market capitalisation is computed based on the number of issued Shares of 1,031,524,685 (excluding treasury Shares) and the weighted average price of approximately S$0.008 per Share on 16 March 2023, being the last trading day preceding the date of execution of the Cooperation Agreement. In the event the lease payment of RMB8.0 million and the lease deposit of RMB4.0 million is included in the computation of aggregate consideration, the relative figure under Rule 1006(c) will be 124.0%.*

(4) Figures are converted based on the exchange rate S$1: RMB5.141 as at 20 March 2023.

As the relative figures under Rule1006(c) of the Catalist Rules exceed 50%, the Proposed Disposal constitutes a "major transaction" under Rule 1014 of the Catalist Rules and is subject to the approval of the Shareholders in a general meeting. In addition, as the relative figures computed on the base set out in Catalist Rule 1006(a) and (b) are regarded as a negative figure under the Catalist Rules, Chapter 10 of the Catalist Rules may still be applicable to the Proposed Disposal in accordance with the applicable circumstances in Practice Note 10A of the Catalist Rules. The Company is disclosing information relating to the Proposed Disposal in accordance with the requirements of Catalist Rules 1010, 1011, 1012 and 1013 (where applicable).

The Company will convene an extraordinary general meeting ("**EGM**") to seek the approval of the Shareholders for the Proposed Lease, Proposed Sale Option and Proposed Disposal and a circular containing details thereof will be dispatched to the Shareholders in due course.

10. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their respective interests in the Shares of the Company (as the case may be) and as disclosed herein, none of the Directors, controlling Shareholders or their associates have any interest, direct or indirect in the Proposed Transactions.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts of 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. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

12. DIRECTORS' SERVICE CONTRACT

No person is proposed to be appointed as a director of the Company in connection with the Proposed Transactions. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

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Singapore 339413

13. CIRCULAR AND EGM

A circular containing further details on the Proposed Corporate Actions and enclosing a notice of EGM, and the valuation report in connection therewith will be despatched to the Shareholders in due course.

14. DOCUMENTS FOR INSPECTION

Copies of the Cooperation Agreement will be made available for inspection during normal business hours at the Company's registered office at 1 Habourfront Avenue #14-07 Keppel Bay Tower, Singapore 098632, and/or the Company's principal place of business at 22 Kallang Avenue #03-02 Hong Aik Industrial Building, Singapore 339413 for a period of three (3) months from the date of this announcement.

15. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares and should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Dr. Ong Hian Eng
Executive Director
AsiaPhos Limited

22 March 2023

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*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.*

The contact person for the Sponsor is Mr. Liau H.K., at 160 Robinson Road, #21-05 SBF Center, Singapore 068914, Telephone number: 6221 0271

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Appendix 1 – Statement of Financial Position of SMNPC and New Company (Pro-Forma) as at 31 December 2022

	SMNPC RMB	NEW COMPANY RMB
EQUITY		
Share capital	140,000,000	56,595,326
Revenue reserve b/f	(186,921,557)	
Current year's profit/(loss)	(18,213,417)	
Safety surplus fund reserve	7,419,936	
	(57,715,038)	**56,595,326**
NON CURRENT ASSETS		
ROU-Land use rights	6,742,761	6,742,761
Fixed assets	49,902,900	83,257,239
	56,645,661	**90,000,000**
CURRENT ASSETS		
Stocks	1,159,394	0
Trade debtors	1,520	0
Prepayments	1,245,169	0
Other receivables & deposits	1,451,064	0
Cash and bank balances	2,901,869	0
Non-current assets classified as held for disposal	30,234,308	
Amount due from NWC	50,831,862	0
Amount due from FT	2,340,940	0
	90,166,126	**0**
Total assets	**146,811,787**	**90,000,000**
CURRENT LIABILITIES		
Trade payables	1,268,577	1,268,577
Other payables	15,919,518	13,017,649
Advances from customers	318,448	318,448
Bank loans	18,800,000	18,800,000
Liabilities held for disposal	3,978,806	0
Deferred income - Current	30,493,788	
Amount due to NWC	16,299,119	0
Amount due to XR	690,694	0
	87,768,949	**33,404,674**
Net current assets/(Liabilities)	**2,397,177**	**(33,404,674)**
NON CURRENT LIABILITIES		
Deferred taxation	3,897,296	0
Deferred income - Non-current	9,735,580	0
Amount due to NWC - NCL	103,125,000	0
	116,757,876	0
Total liabilities	**204,526,825**	**33,404,675**
Total Equity	**(57,715,038)**	**56,595,326**