
ANNOUNCEMENT PURSUANT TO RULE 704(21) OF THE LISTING MANUAL SECTION B: RULES OF CATALIST OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“ CATALIST RULES”)

Capitalised terms used herein, unless otherwise defined, shall have the definitions ascribed to them in the offer document dated 25 September 2013 and registered by the Singapore Exchange Securities Trading Limited acting as agent on behalf of the Monetary Authority of Singapore on 25 September 2013, and the Company's announcements dated 22 June 2018 (the “Announcements”).

1. INTRODUCTION

With reference to Rule 704(21) of the Catalist Rules, the Board wishes to announce that the Group's bank borrowings with Bohai Bank amounting to RMB24 million is due and payable on 31 July 2018.

2. UPDATE ON THE ONGOING NEGOTIATIONS WITH BOHAI BANK

Due to the stoppage of the P4 operations (as disclosed in our announcement dated 22 June 2018) and the Sichuan Government's unlawful expropriation of the Group's mining and exploration rights, the Bank has a contractual right (due to material adverse changes clauses) to demand the repayment of the bank loan before the due date being 31 July 2018. Currently, Management is in discussion with Bohai Bank for, *inter alia*, a renewal and/or an extension of the deadline for the loan repayment.

The Group is in a net tangible asset position which means that the value of its assets exceeds the value of its liabilities. The value of the collaterals provided to Bohai bank exceeds the balance of the outstanding loan. However, delays in receiving the compensation from the Sichuan Government for its unlawful expropriation of the Group's mining and exploration rights, payments of legal and professional fees and retrenchment costs and other unfavourable market conditions have caused a liquidity issue for the Group. The Group has not missed any payment of interest to Bohai Bank and its other lender.

The Company has, *inter alia*, also written to the Sichuan Government to expedite the payment of compensation. Mianzhu Norwest has also applied for bridging finance from the Deyang Government which has established a fund to assist eligible companies facing liquidity issues. The ability of the Group and the Company to continue as a going concern depends on ability to generate profits and cash flows from its downstream operations and the renewal of the bank borrowings or other funding for its working capital requirements for the next twelve months.

3. FURTHER ANNOUNCEMENTS

The Board confirms that, save for information which has not been disclosed with respect to ongoing negotiations with the Sichuan Provincial Government and wherein there is no certainty or assurance on the outcome of the negotiations, all material disclosures, facts and information (including but not limited to disclosures pertaining to, *inter alia*, material operations and business of the Group, mining operations, mining and exploration rights, financial conditions, prospects, assets and liabilities including bank borrowings) have been provided and announced. Save as announced, the Board is not aware of any facts, information or disclosures, the omission of which would make any statement in this Announcement or previous announcements or disclosures misleading in any material respect.

The Company will make such further announcements at the appropriate juncture, as and when there are material developments in relation to the above matters.



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

Simon Ong Eng Hock
Executive Director
AsiaPhos Limited

20 July 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**"). The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.*

This announcement has not been examined or approved by 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. Liao H.K.
Telephone number: 6221 0271*

