
(1) UPDATE ON ONGOING NEGOTIATIONS WITH BOHAI BANK – RENEWAL OF BANKING FACILITY**(2) ENTRY INTO BRIDGING LOAN WITH MIANZHU MIANXIN INVESTMENT DEVELOPMENT CO., LTD (“MIANZHU FUND”)**

1. INTRODUCTION

- 1.1. The Board of Directors (the “**Board**”) of Asiaphos Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcements (the “**Announcements**”) released by the Company on 22 June 2018 and 20 July 2018 in relation to the Group’s bank borrowings with Bohai Bank (“**Bank**”).
- 1.2. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.
- 1.3. The Board wishes to announce that the Company’s wholly-owned subsidiary, Sichuan Mianzhu Norwest Phosphate Chemical Limited (“**Mianzhu Norwest**”), has entered into an arrangement with the Bank and the Mianzhu Fund on 22 October 2018 (the “**Arrangement**”) for:
- (a) a bridging finance in respect of an amount of not more than RMB 24 million from the Mianzhu Fund (“**Bridging Loan**”) to repay the Bank due to the delay in receipt of the compensation (the “**Compensation**”) from the Chinese Government; and
 - (b) the renewal of its loan facilities from the Bank in respect of a loan amount of not more than RMB 24 million for a duration of one year commencing from mid-November 2018 under substantially the same terms and conditions (“**Banking Facility**”),
- (collectively, the “**Proposed Transactions**”).

As at the time of this Announcement, the documentation in relation to the Arrangement is still pending execution by the Bank and Mianzhu Fund. The Company will make further announcements once the relevant documentation has been executed by all the parties and the monies have been released.

The Proposed Transactions comprise part of the fund-raising initiatives by Mianzhu Norwest to, *inter alia*, and raise money for the repayment of the Group’s bank borrowings with the Bank.

The Board is of the view that the Proposed Transactions are in the best interests of the Group given the current circumstances faced by the Group.

2. THE BANKING FACILITY

On 20 July 2018, the Company announced that the Group’s bank borrowings with the Bank amounting to RMB 24 million was due and payable on 31 July 2018 and the Management was in discussions with the Bank for, *inter alia*, a renewal and/or an extension of the repayment date for the Banking Facility.

The Group was informed by the Bank on 22 October 2018 that the Chinese Government had confirmed to the Bank that the Compensation would be payable for the non-renewal of the Group’s mining and exploration rights, in light of the Chinese Government’s proposed plans for a panda



park involving Jiudingshan Nature Reserve in Sichuan Province. However, the compensation scheme has yet to be finalised by the Chinese Government. As such, the Group has yet to receive the Compensation.

The renewal of the Banking Facility is conditional upon the repayment of the current Bank loan by 31 October 2018.

The Company has given a corporate guarantee in favour of the Bank to guarantee Mianzhu Norwest's obligations under the Banking Facility.

With reference to Rule 704(33) of the Listing Manual Section B: Rules of Catalist of the of the Singapore Exchange Securities Trading Limited ("**Catalist Rules**"), the Banking Facility does not contain any condition making reference to the shareholding interests of any controlling shareholder of the Company, or place restrictions on any change in control of the Company.

3. THE BRIDGING LOAN

On 20 July 2018, the Company announced that Mianzhu Norwest applied for bridging finance from the Deyang Prefecture Government. Mianzhu Norwest applied for the Bridging Loan because of the delay in the receipt of Compensation from the Chinese Government.

As per the Arrangement, a bridging finance would be provided by the Mianzhu Fund which has been established by the Mianzhu City Government to assist certain eligible companies obtain bridging finance to, *inter alia*, enable them to renew their bank loans.

Under the Bridging Loan, Mianzhu Norwest agreed to apply the proceeds from the Bridging Loan for the repayment of the current Bank loan by 31 October 2018 and such proceeds shall be transferred directly to Mianzhu Norwest's designated bank account in the Bank.

The Mianzhu Fund will charge a fee (the "**Fee**") equivalent to 0.05% of the Bridging Loan, calculated on a per-day basis. The Bridging Loan is repayable upon Mianzhu Norwest receiving the Compensation from the Chinese Government and/or the disbursement of the Banking Facility. If Mianzhu Norwest is unable to repay the Mianzhu Fund within 15 days of drawdown, a fine four (4) times the Fee will be imposed.

With reference to Rule 704(33) of Catalist Rules, the Bridging Loan does not contain any condition making reference to the shareholding interests of any controlling shareholder of the Company, or place restrictions on any change in control of the Company.

4. FURTHER ANNOUNCEMENTS

The Board confirms that, save for information which has not been disclosed with respect to ongoing negotiations with the Chinese 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*, Banking Facility, Bridging Loan, material operations and business of the Group) 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.

None of the Directors, controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the Proposed Transactions, save through their respective shareholdings in the Company (if any).



BY ORDER OF THE BOARD

Simon Ong Eng Hock
Executive Director
AsiaPhos Limited

30 October 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.

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