
P4 OPERATIONS – UPDATE ON THE RENEWAL PROCESS FOR COMPONENT OF OUR SAFETY PRODUCTION LICENCE

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.

1. INTRODUCTION

The board of directors (the “**Board**”) of AsiaPhos Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to inform shareholders of the Company (“**Shareholders**”) that the Mianzhu Emergency Management Bureau (绵竹市应急管理局) has on 20 January 2020 issued Sichuan Mianzhu Norwest Phosphate Chemical Co Ltd (“**Mianzhu Norwest**”) with a reminder notice for timely renewal of a component of the safety production licence for our yellow phosphorus (“P4”) chemical operations, following an on-site routine inspection. This component of our P4 safety production licence issued by the Mianzhu authorities has an expiry date of 7 March 2020. The overall P4 safety production licence was most-recently renewed in April 2018 for two years, and is due to expire during April 2020.

2. UPDATE ON THE STATUS OF THE RENEWAL PROCESS FOR SAFETY PRODUCTION LICENCE

As a consequence of the ‘non-production’ status for our P4 operations (since mid-2018, due to the non-availability of raw materials for the economic production of P4 following the wrongful actions of the Chinese government which required the Group to discontinue its mining operations), this renewal process for our P4 safety production licence is likely to encounter some difficulties.

For example, an accredited expert will be required to prepare a written report to support our renewal application; however, the P4 operations would need to resume production status in order for accredited experts to complete these reports. Our team is in discussions with industry experts and with the Mianzhu authorities on how to address the renewal process given this situation.

Notwithstanding the above, Mianzhu Norwest will take the relevant steps towards submission of the renewal application on a timely basis. In the event that the renewal cannot proceed, the Mianzhu authorities would likely require a formal request from our company to voluntarily withdraw our existing safety production licence.

It is not currently possible to estimate the potential financial effect in the event of non-renewal of the P4 safety production licence on the Group’s earnings per share (EPS) and net asset value (NAV) and/or net tangible assets (NTA). As disclosed on SGXNET on 3 April 2019, in the financial statements for the year ended 31 December 2018, the Group “recognised that the P4 plant may be impaired as production could not resume after it was shut down for maintenance because of the wrongful acts of the Chinese Government. The recoverable amount [was] estimated based on independent professional valuer engaged by the bank.”

3. FURTHER ANNOUNCEMENTS

The Board confirms that, save for information which has not been disclosed with respect to and wherein there is no certainty or assurance on the outcome of the application, 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, and mining and exploration rights) 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 this matter.

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

21 January 2020

*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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