
**ENTRY INTO TERM SHEET IN RESPECT OF THE PROPOSED ACQUISITION OF THE
 ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF GLOBAL RESOURCES SP (TAIWAN)
 CO. LTD BY AP NEW ENERGY PTE LTD, A SUBSIDIARY OF ASIAPHOS LIMITED**

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**”, and each director, a “**Director**”) of AsiaPhos Limited (the “**Company**”) refers to the holding announcement dated 13 April 2023 (the “**Announcement**”). Unless otherwise defined, capitalised terms used herein shall have the same meaning as ascribed in the Announcement.
- 1.2 The Board is pleased to announce that the Company has on 7 October 2023 entered into a non-binding term sheet (“**Term Sheet**”) with Global Resources England., Ltd. (the “**Vendor**”, together with the Company, the “**Parties**”) to acquire, either directly or through AP New Energy Pte Ltd (“**APNE**”), a wholly-owned subsidiary of the Company, the entire issued and paid-up share capital of Global Resources SP (Taiwan) Co. Ltd (the “**Target Company**”) (the “**Proposed Acquisition**”).
- 1.3 The Term Sheet is non-binding and is subject to the execution of a definitive sale and purchase agreement governing the Proposed Acquisition and any other related document (the “**Transaction Documents**”) and all terms and conditions therein to be in compliance with such applicable rules, regulations, or directions (as may be applicable) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Transaction Documents are to be executed on or before 17 November 2023.
- 1.4 **Shareholders of the Company (the “Shareholders”) should note that the commercial terms in the Term Sheet relating to the Proposed Acquisition as disclosed in this announcement are non-binding (save for clauses relating to the confidentiality, expenses and break fees, authority, termination, dispute resolutions, and governing law) and are subject to, *inter alia*, further due diligence and negotiations between the Parties and the entry into the Transaction Documents. The Company will make further announcements as and when there are material updates to the foregoing, in accordance with the SGX-ST’s Listing Manual Section B: Rules of Catalyst (the “Catalist Rules”).**

2. DETAILS OF THE TARGET GROUP AND THE VENDOR

The information on the Target Company, the Target Group (as defined below) and the Vendor in this paragraph was provided by the Target Company and the Vendor. In respect of such information, neither the Company nor any of its Directors has independently verified the accuracy or correctness of the same and the responsibility of the Company and the Board is limited to ensuring that such information has been properly extracted and reproduced herein in the context that the information is being disclosed in this announcement and its annexures. In connection with the Proposed Acquisition, the Company and the Board will be carrying out the necessary due diligence on the Target Company and the Target Group.

- 2.1 The Target Company is a private company limited by shares incorporated in Taiwan on 4 October 2018. As at the date of the Term Sheet, the Target Company has an issued and paid-up capital of NT 2,000,000 (approximately S\$87,476) comprising 200,000 ordinary shares. The Target Company is a holding company without business operations of its own. The Target Company owns 76.59% of Helio Energy Two Corporation, a Taiwan-based solar assets owner and operator whose primary business activities are those of renewable energy development and solar asset management (collectively with the Target Company, the “**Target Group**”). In connection with the Proposed Acquisition and as set out in paragraph 3.4 below, the Company

will be carrying out the necessary due diligence on the Target Company and the Target Group in due course.

The Vendor, Global Resources England Limited is a private company limited by shares incorporated in the United Kingdom. Global Resources England Limited is 100% owned by Solar Plus (HK) Limited. The entire issued and paid-up share capital of the Target Company is owned by the Vendor.

To the best knowledge of the Company, the Vendor, the Target Group and their respective directors and shareholders do not hold any Shares in the Company or have had any previous business, commercial, trade dealings with the Company, and its directors or substantial shareholders.

3. SALIENT TERMS OF THE TERM SHEET

3.1 Sale Shares

The Company or APNE shall acquire the entire issued and paid-up share capital of the Target Company (the "**Sale Shares**") from the Vendor free and clear of any liens, encumbrances (except for existing bank loans).

3.2 Purchase Consideration and Valuation

The purchase consideration for the Proposed Acquisition shall be approximately USD\$3.5 million (the "**Purchase Consideration**"), subject to final independent valuation report, to be settled in cash on completion of the Proposed Acquisition.

APNE intends to conduct fund raising for the payment of the Purchase Consideration and such fund raising may be from existing shareholder(s) of the Company and/or third-party investor(s).

The Purchase Consideration is determined based on arm's length negotiation between the Company/ and the Vendor and arrived at on a willing buyer-willing seller basis, after taking into account, amongst other things, the rationale and benefits of the Proposed Acquisition, prevailing market conditions, business prospects, project pipeline, historical financial performance and current financial position of the Target Group.

In connection with the Proposed Acquisition, APNE will appoint an independent qualified valuer to conduct a valuation on 100% equity interest of the Target Company.

3.3 Key Conditions Precedents

Completion of the Proposed Acquisition will be conditional upon the following conditions precedent (the "**Conditions Precedent**") being fulfilled (or waived, as the case may be) on or before the date falling 31st January 2024 (the "**Long-Stop Date**"), *inter alia*:

- 3.3.1 APNE to seek approval, if required, from the Company's shareholders via extraordinary general meeting on the relevant resolutions to approve the Proposed Acquisition;
- 3.3.2 the Company, on behalf of APNE (if required) to seek approval from SGX-ST and other regulatory bodies for the Proposed Acquisition;
- 3.3.3 due diligence being duly completed by all Parties;
- 3.3.4 terms and conditions of the Proposed Transaction to be in compliance with all relevant rules and regulations;
- 3.3.5 no significant movement in the Company's share price and volume prior to the signing of the Transaction Documents;
- 3.3.6 no material change of the respective businesses of the Target Group without prior the consent of the Parties;

- 3.3.7 with necessary administrative support from the Vendor, the Company or APNE to obtain approval from the Taiwan Investment Commission of the Ministry of Economic Affairs for the change of ownership of the Target Group;
- 3.3.8 execution of all relevant legal documentation;
- 3.3.9 successful completion of fund raising to be conducted by the Company and/or APNE;
- 3.3.10 signing of Transaction Documents (with conditions to closing) on or before 17 November 2023; and
- 3.3.11 completion of the Proposed Acquisition on or before 31 January 2024..

3.4 **Expenses and break fees**

Each Party shall bear its own expenses in relation to the entry into the Term Sheet and the Proposed Acquisition, except, if the Proposed Acquisition is unable to proceed to completion due to any one of the conditions namely Paragraph 3.3.1, 3.3.2, 3.3.5, 3.3.7, 3.3.9, 3.3.10 and 3.3.11 above not being fulfilled, the Company shall reimburse the Vendor's legal fees and other direct expenses incurred for the Proposed Acquisition including (without limitation) any costs and expenses relating to the preparation and negotiation of the Term Sheet and any other documents contemplated by them ("**Break Fees**").

3.5 **Termination**

The obligations of the Parties under the Term Sheet shall terminate upon the earliest of (i) the date on which the Parties execute and deliver the Transaction Documents (ii) the date on which the parties mutually agree in writing to abandon the Proposed Acquisition, (iii) the date on which either Party provides written election to terminate in the event the other Party is in material breach of any of the binding provisions of the Term Sheet or (iv) the date on which either Party provides written notification that it wishes to withdraw from negotiations without giving any reasons for such withdrawal and without incurring any liability to the other in relation to such termination save and except as provided below.

Notwithstanding the foregoing, the obligations set forth in the provisions relating to confidentiality, expenses and Break Fees, authority, termination, dispute resolution and governing law shall not terminate, and are expressly intended to survive the termination of the Term Sheet. The date upon which this Term Sheet is terminated shall be referred to herein as the "Termination Date".

4. **RATIONALE FOR THE PROPOSED ACQUISITION**

- 4.1 As disclosed in the Company's previous SGXNET announcements the Group's operations in Mines 1 and 2, and the Feng Tai mine were interrupted following a directive from the Mianzhu City Government to vacate and rehabilitate Mine 2 and the Feng Tai mine, in addition to the stoppage of mining operations imposed by the PRC Government at Mine 1 and the non-renewal of the Mine 1 mining and exploration licences (the "**Mining Interruptions**"). In relation to the Mining Interruptions, the Board expects that any outcome as a result of such discussions or arbitration/ appeals as part of the legal process may take some time and may require substantial funding.
- 4.2 The Proposed Acquisition is in line with our diversification/expansion plan: Our Group has been actively pursuing projects in the Renewable Energy sector. The Proposed Acquisition will enable Asiaphos Limited to work towards diversification away from the Chinese mining and phosphate processing business, into a more long-term and sustainable business area.

In this regard, the Board is of the view that the Proposed Acquisition is in the best interest of the Company and that the Proposed Acquisition presents an opportunity for the Company to acquire a business with the potential for growth and which will likely enhance shareholder value.

- 4.3 Where applicable, Shareholders' approval will be sought for, *inter alia*, the Proposed Acquisition, the diversification into the renewable energy sector, and the fund raising to be conducted to pay for the Purchase Consideration.

5. INTERESTS 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 Acquisition and the Proposed Transactions.

6. FURTHER ANNOUNCEMENT

The Company will make further announcements as and when appropriate in compliance with the requirements of the Catalist Rules (including, *inter alia*, information required under Chapter 10 of the Catalist Rules) if and when the Transaction Documents in respect of the Proposed Acquisition have been entered into and/or when there are further material developments in respect of the Proposed Acquisition.

The Company undertakes that it will comply with applicable requirements of the Catalist Rules, including but not limited to seeking Shareholders' approval for the Proposed Acquisition, the diversification into the renewable energy sector, and the fund raising to be conducted to pay for the Purchase Consideration (where applicable).

7. 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 Acquisition and the Group, 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 (including information relating to the Vendor and the Target Group) 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.

8. DOCUMENTS FOR INSPECTION

Copies of the Term Sheet will be made available for inspection during normal business hours at the Company's registered office at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623), 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.

9. CAUTIONARY STATEMENT

Shareholders are advised that the Term Sheet is non-binding and the Proposed Acquisition is subject to numerous conditions and further due diligence by the Vendor and the Company, including the entry into the Transaction Documents. As such, there is no assurance that the Parties will be able to complete the Proposed Acquisition. Shareholders are therefore asked to exercise caution when dealing in the shares of the Company and should consult their legal, financial, tax and other professional advisers if they have any doubt as to the action to take.

BY ORDER OF THE BOARD

Dr. Ong Hian Eng
Executive Director
AsiaPhos Limited

9 October 2023

*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. Liao H.K., at 160 Robinson Road, #21-05 SBF Center, Singapore 068914, Telephone number: 6221 0271