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## THE PROPOSED DISPOSAL OF PARCEL OF LAND LOCATED AT HANWANG NEW TOWN, MIANZHU CITY, SICHUAN PROVINCE, PEOPLE'S REPUBLIC OF CHINA

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### 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 subsidiary, Sichuan Mianzhu Norwest Phosphate Co., Ltd has entered into a sale and purchase agreement ("**SPA**") with Mianzhu City Land Reserve Centre ("**Buyer**") on 2 November 2020 in connection with the proposed disposal of the land located at Hanwang New Town, Mianzhu City, Sichuan Province, PRC ("**Hanwang Land**") (the "**Proposed Disposal**").

### 2. TERMS AND CONDITIONS OF THE PROPOSED DISPOSAL / FINANCIAL EFFECTS / USE OF NET PROCEEDS

#### Description of the Hanwang Land

The Hanwang Land comprises a land use right (with effect from 30 May 2019 to 5 Jan 2053, i.e. approximately 33-year and 7 months right of use) measuring 4,973 square metres. The Hanwang Land has not been used by the Company since it was acquired in January 2013 and remains as a vacant land currently. The Hanwang Land had not generated any income or revenue.

#### Information on the Buyer

The Buyer is part of the local government authority of Mianzhu city. The Buyer is an independent third party. The Company notes that the Buyer had made overtures to acquire the Hanwang Land either through private treaty or governmental actions.

#### Consideration

The total consideration is RMB2,681,140 (or approximately S\$547,213 based on the exchange rate S\$1: RMB4.90 as at 2 November 2020) in cash ("**Consideration**") and payable in full by the Buyer within one month from 2 November 2020, being the date of the execution of the SPA for the Proposed Disposal.

#### Gain on disposal

The net book value of the Hanwang Land is approximately RMB2.56 million as at 30 June 2020. As such, the Group is expected to recognize a gain arising from the Proposed Disposal of approximately RMB0.12 million (before taking into account any expenses related to the Proposed Disposal).

### Financial Effects

The financial effects of the Proposed Disposal on the NTA per share and earning/(loss) per share ("EPS") of the Group, prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2019 (FY"2019) 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 Disposal nor a projection of the future financial performance or position of the Group after the completion.

### NTA

Assuming the Proposed Disposal had been completed on 31 December 2019, being the end of the most recently completed financial year of the Group, the financial effects on the NTA per share of the Group would be as follows:

S\$	Before the proposed disposal	After the proposed disposal
NTA	75,212,000	75,236,000
Number of ordinary shares	1,031,525,000	1,031,525,000
NTA per share (cents)	7.29134	7.29367

### Earning/(loss) Per Share

Assuming the Proposed Disposal had been completed on 1 January 2019, being the beginning of the most recently completed financial year of the Group, the loss attributed to the ordinary shareholders of the Company and the financial effects on the EPS of the Group for the FY2019 would be as follows:

S\$	Before the proposed disposal	After the proposed disposal
Net loss after tax	(4,389,000)	(4,381,121)
Number of ordinary shares	1,031,525,000	1,031,525,000
Loss per share (cents)	(0.42549)	(0.42472)

### Use of Net Proceeds

The Company intends to utilise the entire net proceeds from the Proposed Disposal for continued working capital requirements. Pending deployment of the proceeds from 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.

### Conditions precedent

There are no significant conditions precedent for completion, other than a responsibility/obligation to ensure that the Hanwang Land parcel is cleaned up and there are no structures, buildings or attachments on the ground. Save as disclosed above, there are no other material terms and conditions.

### Rationale for the Proposed Disposal

The Board has been exploring the possibility to dispose the Hanwang Land in the past 2 years. The Proposed Disposal will enable the Group to realize the value of the Hanwang Land, which is unused and vacant, and thereby free up cash.

In addition, the Company understands that the valuer had indicated market value of about RMB2.67 million for the Hanwang Land which is very close to the Consideration of approximately RMB2.68 million offered by the Buyer. From discussions, the Consideration is the highest that the Buyer is willing to offer and is based on the Company's cost of acquisition of the Hanwang Land.

The Proposed Disposal is not expected to have any material impact on the Group's NTA per Share and earnings per Share for the financial year ending 31 December 2020.

### **3. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES**

The relative figures under Rule 1006 of the Catalist Rules are presented below.

<b>Rule 1006 of the Catalist Rules</b>	<b>Bases</b>	<b>Relative Figures</b>
1006 (a)	Net asset value of the assets to be disposed of, compared with the group's net asset value	0.66% <sup>(1)</sup>
1006 (b)	Net profits attributable to the assets acquired or disposed of, compared with the group's net profits	2.51% <sup>(2)</sup>
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	3.54% <sup>(3)</sup>
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 net asset value of the Hanwang Land of approximately RMB2.56 million as at 30 June 2020 (or approximately S\$0.52 million) and the net assets value of the Group of approximately S\$79.16 million as at 30 June 2020.
- (2) Computed based on the absolute figure of the gain on disposal of approximately RMB0.12 million (or approximately S\$25 thousand) arising from the Proposed Disposal over the Group's loss including

*discontinued operations and before income tax and non-controlling interest of approximately S\$0.98 million for the six months period ended 30 June 2020 ("HY2020").*

- (3) *Computed based on the Consideration of approximately RMB2,681,140 (or approximately S\$547,213 based on the exchange rate S\$1: RMB4.90 as at 2 November 2020) and the market capitalisation of the Group of approximately S\$15.47 million as at 30 October 2020, being the last trading day for the Company's shares ("**Shares**") preceding 2 November 2020, being the date of the execution of the SPA. 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\$0.015 per Share on 30 October 2020, being the weighted average price for the Shares on the last market day preceding the date of execution of the SPA.*

Based on the relative figures computed above, the Proposed Disposal constitutes a non-discloseable transaction under Rule 1008 of the Catalist Rules. As none of the relative figures exceeds 50%, the Proposed Disposal does not constitute a major transaction under Rule 1014, and accordingly, shareholders' approval is not required for the Proposed Disposal.

Notwithstanding the Proposed Disposal constitutes a non-discloseable transaction, the Board decided to make the announcement to update the Shareholders. Accordingly, the disclosure requirements of this announcement have been made in accordance to Rule 1008 of the Catalist Rules for the voluntary announcement of "non-discloseable" transactions.

## **5. 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 Disposal.

## **6. 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 Disposal, 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.

## **7. DIRECTORS' SERVICE CONTRACT**

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

## **8. DOCUMENTS FOR INSPECTION**

Copies of the SPA 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. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares and should consult their stock brokers, 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

4 November 2020

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*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., in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("**Exchange**") Listing Manual Section B: Rules of Catalist for compliance with the relevant rules of the 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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