
ENTRY INTO RENTAL AND COOPERATION AGREEMENT WITH LIANYUNGANG ZEXIN FOOD INGREDIENTS CO., LTD

1. INTRODUCTION

The board of directors (the “**Board**”) of Asiaphos Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that a subsidiary has entered into a rental and cooperation agreement to rent out its STPP Production and Storage and ancillary Facilities to Lianyungang Zexin Food Ingredients Co., Ltd (“**Tenant**”).

2. MAIN TERMS OF THE RENTAL AND COOPERATION AGREEMENT

Rental Period: One year with effect from 18 April 2019;

Base Rent: RMB 1 million, 50% payable 5 days after signing of the agreement.

Balance of the base rent will be on or before 18 October 2019. Base rent will be payable by the tenant for output up to 10,000 tonnes. There will be no refund of the base rent unless the agreement is terminated prematurely.

Additional Rent: RMB 90 per tonne. Additional rent will be payable for output in excess of 10,000 tonnes. This will be charged whenever monthly output exceeds 830 tonnes per month. Should total aggregate output be below 10,000 tonnes at the end of the rental period, the additional rent will be refunded to the tenant within 30 days after both parties agree on the actual annual output.

The tenant will bear the cost of water, electricity, gas, waste disposal and other related costs such as site security costs.

The tenant agrees to be responsible and pay for any damage to the STPP Plant and to indemnify the Group for any losses arising from unauthorised use of the facilities.

The tenant also agrees to grant the Group the right to buy output from the STPP Plant on preferential terms based on the lowest selling prices.

The tenant agrees that the rental and cooperation agreement may be terminated by the Group by giving it three months’ notice. The tenant may terminate the agreement if the Group prevents the Tenant from production or disrupts its normal production. The Group will have to refund any unused portion of the rental paid in advance by the tenant.

The rental and cooperation agreement is subject to, *inter alia*, compliance with relevant rules under the Catalist Rules (including where applicable requirements under Chapter 10 of the Catalist Rules).

Barring unforeseen circumstances, the rental and cooperation agreement is expected to contribute positively to the financial performance and position and cashflow of the Group for the financial year ending 31 December 2019.

None of the directors or the Controlling shareholders has any direct or indirect interest in the rental and cooperation agreement, save through their shareholding interests in the Company.

Save as disclosed above, there are no other material terms and conditions under the Rental and Cooperation Agreement.



3. FURTHER ANNOUNCEMENTS

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.

The Directors 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 about the rental and cooperation agreement, 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.

BY ORDER OF THE BOARD

Simon Ong Eng Hock
Executive Director
AsiaPhos Limited

11 April 2019

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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