

**Acquisition of 178,500 Shares in Velora Pte. Ltd.**

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**1. Introduction**

The board of directors (the “**Board**” or “**Directors**”) of Asiaphos Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 16 August 2024 entered into a Sale and Purchase Agreement (the “**Agreement**”) with Velora Pte. Ltd. (“**Velora**”), Sahid Ramadian (“**Sahid**”), Gabriella Resti Hardiyanti (“**Gabriella**”) and Toh Mei Chu (“**Yvonne**”) (each of Sahid, Gabriella and Yvonne a “**Vendor**” and collectively the “**Vendors**”) for, *inter alia*, the purchase of in aggregate 178,500 shares in Velora (such shares collectively the “**Sale Shares**”) from the Vendors (the “**Acquisition**”). The Sale Shares comprise 51% of the total number of shares in Velora.

**2. Information on Velora and the Vendors**

*All information in respect of Velora and the Vendors is based solely on information provided to the Company by the Vendors and Velora. In respect of such information, the Company and the Board have not independently verified the accuracy and correctness of the same and the Company’s responsibility is limited to ensuring that such information has been accurately and correctly extracted and reproduced in this announcement in its proper form and context.*

**2.1 Velora**

Velora was incorporated in Singapore in 2015 and its principal business is in the wholesale trade of fertilisers. Velora carries out its operations in various countries with majority of its operations focused on Southeast Asian countries. As at the date of this announcement, the issued and paid-up share capital of Velora is S\$350,000 divided into 350,000 shares. Each of Sahid and Gabriella currently hold 157,500 (representing 45%) of the shares in Velora and Yvonne holds the remaining 35,000 (representing 10%) of the shares in Velora.

Following completion of the Acquisition (“**Completion**”), the Company will hold 178,500 (representing 51%) of the shares in Velora, and Gabriella and Yvonne will hold, respectively, 143,500 and 28,000 (representing 41% and 8%) of the shares in Velora.

Save as for Yvonne’s shareholding in the Company and Gabriella’s relationship with a substantial shareholder of the Company (each as disclosed in paragraph 2.2 below), Velora is not related to the Company nor any of the Directors or controlling shareholders of the Company.

**2.2 The Vendors**

Each of the Vendors are directors of Velora and are involved in Velora’s day-to-day operations.

As at the date of this announcement, Yvonne is a shareholder of the Company, holding 5,000,000 shares (representing 0.34% of the shares) in the Company (each share in the Company, a “**Share**”). In addition, Gabriella is the spouse of Gavin Chong Shi Hien (“**Gavin**”) who as at the date of this announcement, based on the announcement dated 22 July 2024 entitled “Becoming a Substantial Shareholder – Mr Gavin Chong Shi Hien”, is a substantial shareholder of the Company holding 115,150,000 Shares (representing 7.78% of the Company’s voting Shares). Save as for the

foregoing, none of the Vendors are related to the Company nor any of the Directors or controlling shareholders of the Company.

### 3. Rationale for the Acquisition

3.1 At an extraordinary general meeting held on 28 May 2024, the Company obtained its shareholders' approval to the diversification of the Group's business to include, *inter alia*, the business of trading and distribution of fertilizers.

3.2 As the Group embarks on its business diversification, the Board has identified Velora's business operations to be aligned with the Group's intentions for its fertilizer trading operations.

### 4. Purchase Consideration

The aggregate consideration for the Sale Shares is S\$357,000 (the "**Purchase Consideration**") and will be fully paid in cash. The amount of the Purchase Consideration was arrived at after an arm's length assessment of Velora's key supplier and customer list, its existing reputation in the South-East Asia fertilizer trading scene, as well as the enhanced trading prospects of Velora when fully integrated with the Company's existing China processed chemicals sourcing and trading operations.

The Acquisition will be funded by internal resources and is not expected to have any material impact on the Group's net tangible assets or earnings per Share for the current financial year ending 31 December 2024. The Purchase Consideration is payable in full on Completion.

### 5. Salient terms of the Agreement

The salient terms of the Agreement are as follows.

#### 5.1 The Acquisition

The Vendors have agreed to sell, and the Company has agreed to purchase the Sale Shares in the following proportions:

Vendor	Number of Sale Shares to be sold	Number of Sale Shares to be sold as a percentage of the total number of shares in Velora (%)	Purchase Consideration payable (S\$)
Sahid	157,500	45	315,000
Gabriella	14,000	4	28,000
Yvonne	7,000	2	14,000
<b>Total</b>	<b>178,500</b>	<b>51</b>	<b>357,000</b>

The Sale Shares shall be sold with full title guarantee and free from any and all encumbrances, and together with all benefits, rights, entitlements and advantages accrued or attaching to them on and from Completion, including the right to receive all dividends and other distributions declared, paid or made on or after Completion.

#### 5.2 Conditions precedent

The obligations of the Company under the Agreement to proceed to Completion are conditional upon the satisfaction (or written waiver by the Company) of conditions including, *inter alia*:

- 5.2.1. all necessary or desirable shareholder, board or other internal corporate approvals being passed by the Company and Velora to approve the sale and purchase of the Sale Shares, and the terms and execution of the Agreement;
- 5.2.2. legal, financial, tax and technical due diligence and other investigations having been conducted on Velora to the Company's satisfaction and the results of all such due diligence and investigations being satisfactory to the Company, and all necessary rectification steps in respect of issues identified in the course of due diligence being completed on terms satisfactory to the Company;
- 5.2.3. the results of a review by independent financial advisers, appointed by the Company, on the terms of the Agreement and such other documents as may be relevant in connection with the sale and purchase of the Sale Shares as instructed by the Company, being satisfactory to the Company, and all necessary rectification steps in respect of issues identified in the course of such review being completed on terms satisfactory to the Company;
- 5.2.4. save as waived or permitted by the Company, there having been no material change in the business and no event, change or effect having occurred which has resulted or is likely to result in a material adverse effect in the financial conditions and/or business and/or prospects of Velora (or no material contingent liability having arisen which if incurred would result in such a material adverse effect);
- 5.2.5. Velora having all licences, permits, consents, approvals, waivers and authorizations necessary for the carrying out of its business, including but not limited to those already in force and effect;
- 5.2.6. all necessary or desirable consents, approvals, waivers, permits, licenses or exemptions, including but not limited to those from banks, financial institutions, customers, clients, suppliers, landlords, government authorities and regulatory authorities, where applicable, for the implementation of the transactions contemplated under the agreement and under any agreement, undertaking or arrangement binding on a party to the Agreement or under applicable laws ("**Third Party Consents**"), including but not limited to waivers of pre-emption rights whether arising under Velora's Constitution or otherwise, having been obtained, and such Third Party Consents not having been suspended, cancelled, revoked or varied before Completion, and if any such Third Party Consents are subject to conditions, such conditions being acceptable to the parties to the Agreement;
- 5.2.7. where the approval of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") is required or in the determination of the Company, desirable in connection with the transactions contemplated under and the entry into of the Agreement, such approval(s) having been obtained on terms acceptable to the Company;
- 5.2.8. there having been no objections to the Agreement and the transactions contemplated under the Agreement from any government authorities and/or regulatory authorities and third parties (as the case may be);
- 5.2.9. all notifications to any third parties that are necessary or desirable under any existing licenses, agreements, undertakings or arrangements binding on the parties to the Agreement to ensure that any transaction contemplated thereunder will not be affected by the transactions contemplated in this Agreement having been made by the relevant party to the Agreement;

- 5.2.10. no competent government authority has enacted, issued or promulgated any applicable law that is in effect and has the effect of making the consummation of any transaction contemplated under the Agreement illegal or which has the effect of prohibiting or otherwise preventing the consummation of any transaction contemplated under the Agreement;
- 5.2.11. Sahid, Velora and Gavin having entered into an offsetting agreement (the “**Offsetting Agreement**”) on terms acceptable to the Company and each of Sahid, Velora and Gavin having complied with the terms of the Offsetting Agreement;
- 5.2.12. Velora, Gabriella, Yvonne, the Company and each other shareholder of Velora as required by the Company having entered into a shareholders’ agreement on terms acceptable to the Company, and each of the parties thereto (save as for the Company) having complied with the terms of the shareholders’ agreement; and
- 5.2.13. each party to the Agreement having executed all documentation reasonably required by the Company in connection with the sale and purchase of the Sale Shares.

### 5.3 Completion

Completion shall take place within seven (7) calendar days of the satisfaction (and/or waiver, as the case may be) of all of the conditions precedent, or such other date as may be agreed by the parties, but in any event not later than 31 December 2024 (the “**Long-Stop Date**”). The parties to the Agreement may, by mutual agreement, agree to change the Long-Stop Date.

### 5.4 Offsetting arrangements

- 5.4.1. Sahid has confirmed that as at the date of the Agreement, the aggregate amount owing by Velora to him is S\$493,067.35 and interest to be accrued on this loan in the manner set out at paragraph 5.4.2 below (the “**Outstanding Loan**” which term shall also refer to the interest to be accrued). Pursuant to the Agreement, Velora’s sole obligation in respect of the Outstanding Loan shall be (a) to pay prior to Completion, S\$24,317.35 and (b) to pay over any amounts received, from the commencement of the Offsetting Agreement to three years from such commencement, from Ferta Sdn Bhd that arise from accounts receivables due from Ferta Sdn Bhd to Velora as at the date of the Agreement.
- 5.4.2. Interest shall be accrued upon the principal amount of the Outstanding Loan at the rate of 8% per annum over the repayment period of three years and shall be levied upon the principal amount immediately upon the execution of the Offsetting Agreement without any reduction for subsequent repayments of the Outstanding Loan.
- 5.4.3. Velora shall not be obligated to pursue or commence any proceedings against Ferta Sdn Bhd for the repayment of any accounts receivables. Velora shall have the right to pre-pay the Outstanding Loan (or any part thereof) whether out of the proceeds of the accounts receivables due from Ferta Sdn Bhd or otherwise, without incurring any additional obligations to repay the Outstanding Loan.
- 5.4.4. Any amount of the Outstanding Loan not repaid at the expiration of the aforesaid three-year period is to be recovered by Sahid from Gavin pursuant to the terms of the Offsetting Agreement to be entered into between Sahid, Gavin and Velora.
- 5.4.5. The Offsetting Agreement shall include the term that Gavin waives, as against Velora, all rights of subrogation or recovery of any amount of the Outstanding Loan paid on behalf of Velora.

## 6. Relative figures under Rule 1006 of the Catalyst Rules

The relative figures for the Acquisition computed on the applicable bases under Rules 1006(b) and 1006(c) of the Listing Manual of the Singapore Exchange Securities Trading Limited, Section B: Rules of Catalyst (the “**Catalist Rules**”) are set out in this paragraph 6. For the purposes of Chapter 10 of the Catalyst Rules, and in particular Rule 1005 of the Catalyst Rules, under which separate transactions completed within the last 12 months may be required to be aggregated and treated as if they were one transaction, the relative figures are based on: (a) the latest announced unaudited consolidated financial statements of the Group for the second quarter ended 30 June 2024 (“**2Q2024**”), as adjusted for, *inter alia*, the completion of the Rights Issue (as defined and described in the Company’s announcement dated 20 July 2024 and the preceding announcements referred to therein) (the “**Pro Forma Statements**”); and (b) the unaudited financial statements of Velora for the first quarter ended 31 March 2024 (“**1Q2024**”).

Catalist Rule 1006	Description	Relative figure
(a)	The net asset value (“ <b>NAV</b> ”) of the assets to be acquired, compared with the Group’s NAV. This basis is not applicable to an acquisition of assets.	Not Applicable <sup>(1)</sup>
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group’s net profits.	0.9% <sup>(2)</sup>
(c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalisation based on the total number of issued Shares excluding treasury shares.	6.0% <sup>(3)</sup>
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable <sup>(4)</sup>
(e)	The 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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the SGX-ST may permit valuations to be used instead of volume or amount.	Not Applicable <sup>(5)</sup>

### Notes:

- (1) Rule 1006(a) is not applicable to an acquisition of assets.
- (2) “Net profits” means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. Velora’s unaudited financial statements for 2Q2024 has not been furnished to the Company. As such, the relative figure for Rule 1006(b) in the table above has been computed based on 51% of the net loss of Velora of approximately S\$9,271 for 1Q2024 and the net profit of the Group of approximately S\$1.0 million for 1H2024.
- In the event the net loss of the Group of approximately S\$430 thousand for 1Q2024 is used, the relative figure for Rule 1006(b) would be 2.2%.
- (3) Based on the Purchase Consideration of S\$357,000 and the Company’s market capitalisation of approximately S\$5.9 million, which has been determined based on the issued share capital (excluding treasury shares) of the Company of 1,479,627,207 Shares and the volume weighted

average price for the Shares of S\$0.004 transacted on the SGX-ST on 13 August 2024 (being the last market day on which the Shares were traded preceding the date of the execution of the Agreement).

- (4) No equity securities are issued by the Company as consideration for the Acquisition.
- (5) The Company has ceased all activities comprising the exploration, development or production of mineral, oil or gas since the financial year ended 31 December 2017, and accordingly is not a mineral, oil and gas company.

Having considered paragraph 4.4(a) of Practice Note 10A of the Catalist Rules, as the relative figure computed under Catalist Rule 1006(c) does not exceed 75.0%, and the net loss attributable to the Sale Shares (being 51% of Velora) does not exceed 5.0% of the Group's consolidated net profit for 2Q2024 or the Group's net loss for 1H2024 (in each case taking into account only the absolute values), the Acquisition is considered as a "Discloseable Transaction" for the purposes of Chapter 10 of the Catalist Rules.

## **7. Value of the Sale Shares**

### **7.1 Book value**

Based on Velora's 1Q2024 Statements, the net book value of the Sale Shares is S\$184,082.99.

### **7.2 Net tangible asset value**

Based on Velora's 1Q2024 Statements, the net tangible asset value of the Sale Shares is S\$184,082.99.

### **7.3 Latest available open market value**

A valuation has not been commissioned in respect of the Sale Shares. As stated at paragraph 5.2.2 above, Completion is subject to due diligence and other investigations having been conducted on Velora to the Company's satisfaction and the results of all such due diligence and investigations being satisfactory to the Company, and all necessary rectification steps in respect of issues identified in the course of due diligence being completed on terms satisfactory to the Company.

### **7.4 Net loss attributable to the Sale Shares**

Velora has been in a loss-making position for the financial year ended 31 December 2023 ("FY2023") and 1Q2024. Based on Velora's FY2023 and 1Q2024 Statements, the net loss attributable to the Sale Shares is approximately S\$123,694 and S\$9,271.

## **8. Financial effects of the Acquisition**

### **8.1 The financial effects of the Acquisition presented below:**

- 8.1.1. are purely for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and/or the Group immediately after Completion;
- 8.1.2. are based on the audited consolidated financial statements of the Group for FY2023 and assuming Completion and the completion of the Rights Issue (as defined and described in the Company's announcement dated 20 July 2024 and the preceding announcements referred to therein);

8.1.3. assume, for illustrative purposes only, that:

- (a) in calculating the financial effects on the net tangible assets (“**NTA**”) per Share as at 31 December 2023, the Acquisition had been completed on 31 December 2023; and
- (b) in calculating the financial effects on the earnings per Share (“**EPS**”) of the Group for FY2023, the Acquisition had been completed on 1 January 2023; and

8.1.4. takes into account expenses that may be incurred in connection with the Acquisition, of approximately S\$20,000 for legal due-diligence and related expenses.

8.2 No representation is made as to the actual results and/or financial position of the Company and/or the Group.

8.3 NTA

	<b>Before completion of the Acquisition</b>	<b>After completion of the Acquisition</b>
NTA attributable to the equity holders of the Company as at 31 December 2023 (S\$)	2,016,754	1,833,108
Number of issued Shares, excluding treasury shares and subsidiary holdings	1,479,627,207	1,479,627,207
NTA per Share (Singapore cents)	0.14	0.12

8.4 EPS

	<b>Before completion of the Acquisition</b>	<b>After completion of the Acquisition</b>
Profit after tax attributable to the equity holders of the Company for FY2023 (S\$)	2,074,000	1,930,306
Number of issued Shares, excluding treasury shares and subsidiary holdings	1,479,627,207	1,479,627,207
EPS of the Company (Singapore cents)	0.14	0.13

**9. Interest of Directors and substantial shareholder**

As disclosed in paragraph 2.2 above, based on the announcement dated 22 July 2024 entitled “Becoming a Substantial Shareholder – Mr Gavin Chong Shi Hien”, Gavin, who is the husband of Gabriella, a Vendor, is a substantial shareholder of the Company holding 115,150,000 Shares (representing 7.78% of the Company’s voting Shares) as at the date of this announcement.

None of the Directors have any interest, direct or indirect, in the Acquisition other than through their respective shareholdings in the Company.

**10. Service contracts**

No person is proposed to be appointed as a director of the Company in connection with the Acquisition and hence no service contract in relation thereto is proposed to be entered into by the Company.

**11. Documents Available for Inspection**

Copies of the Agreement are available for inspection at the registered office of the Company at 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632, during normal business hours for three (3) months from the date of this announcement.

## 12. Directors' Responsibility Statement

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 to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Acquisition, 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.

## 13. Cautionary Statement

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 of the Company are advised to read this announcement and any further announcements made by the Company carefully and to exercise caution when dealing in the securities of the Company. In particular, shareholders and potential investors of the Company should note that the Acquisition is subject to certain conditions precedent and there is no certainty or assurance as at the date of this announcement that the Acquisition will be completed. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisers.

## By Order of the Board

Mr. Ong Eng Keong  
Executive Director and Chief Executive Officer

16 August 2024

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*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.*