

## **PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF MMJV PTE. LTD. BY ASIAPHOS LIMITED**

### **– ENTRY INTO SALE AND PURCHASE AGREEMENT**

#### **1. INTRODUCTION**

- 1.1 The board of directors (the “**Board**”, and each director, a “**Director**”) of AsiaPhos Limited (the “**Company**”) refers to the announcements dated 2 October 2020 and 2 November 2020 (the “**Announcements**”) in relation to, *inter alia*, the Company’s entry into a non-binding term sheet (“**Term Sheet**”) with Mining and Minerals Industries Holding Pte. Ltd. (the “**Vendor**”, and together with the Company, the “**Parties**”) to acquire the entire issued and paid-up share capital of MMJV Pte. Ltd. (the “**Target Company**”).
- 1.2 Unless otherwise defined, capitalised terms used herein shall have the same meaning as ascribed in the Announcements.
- 1.3 In connection with the Term Sheet, the Board is pleased to announce that the Company has, on 12 November 2020, entered into a sale and purchase agreement (the “**SPA**”) with the Vendor to acquire the entire issued and paid-up share capital of the Target Company upon the terms and conditions of the SPA (the “**Proposed Acquisition**”).
- 1.4 The aggregate consideration for the Proposed Acquisition, as agreed on a willing-buyer and willing-seller basis, is S\$72,000,000 or fifty per cent. (50%) of the Agreed Valuation (as defined below) of the Target Group, whichever is the lower (the “**Purchase Consideration**”).
- 1.5 The Purchase Consideration shall be satisfied in full by the allotment and issue of such number of new shares in the capital of the Company (the “**Consideration Shares**”) at an issue price of S\$0.005 per Consideration Share on a pre-Proposed Share Consolidation (as defined below) basis (the “**Pre-Consolidation Issue Price**”), by the Company to the Vendor (or the Recipients (as defined below)) credited as fully paid.
- 1.6 The Proposed Acquisition, if undertaken and completed, will constitute a “reverse takeover” pursuant to Chapter 10 of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”). The Proposed Acquisition must be made conditional upon the approval of shareholders and, the issue of a listing and quotation notice by the Exchange In this regard, a circular will be despatched to shareholders of the Company (“**Shareholders**”) in due course for the consideration and approval of, *inter alia*, the Proposed Transactions (as defined below) (the “**Circular**”) at an extraordinary general meeting (“**EGM**”) to be convened.
- 1.7 In connection with the Proposed Acquisition, the Company is also contemplating the proposed issuance and allotment of the Consideration Shares to the Vendor and/or its Recipients (as defined below) (as set out in paragraphs 1.5 and 3.2.4), the Proposed Share Consolidation (as defined in paragraph 3.2.7), the Proposed NWC Divestment (as defined in paragraph 3.3.1), the Proposed Factories Disposal (as defined in paragraph 3.4.1(xi)) and the Proposed Whitewash Resolution (as defined in paragraph 3.4.1(ii)) (collectively with the Proposed Acquisition, the “**Proposed Transactions**”). The Company will be appointing a full sponsor in relation to the Proposed Acquisition and the Proposed Transactions, as required.

## 2. INFORMATION ON 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 Information on the Target Group

- 2.1.1 The Target Company is a private company limited by shares incorporated in Singapore on 22 March 2019. As at the date of this announcement, the Target Company has an issued and paid-up capital of S\$1,000 comprised of 1,000 ordinary shares. The Target Company, its subsidiaries and its associated companies are a Singapore-led gold and copper mining group of companies, which hold controlling interests in three (3) gold and copper mining concessions in the Republic of the Philippines.
- 2.1.2 Further information on the mining concessions, including their locations, size and estimated resources can be found in **Annex A** to this announcement.
- 2.1.3 A group structure chart of the Target Company, its subsidiaries and its associated companies as at the date of this announcement (the “**Existing Target Group**”) can be found in Annex B to this announcement.
- 2.1.4 Prior to Completion (as defined below), SEMCO Exploration and Mining Corporation (“**SEMCO**”) and Clipstone Investments Limited (“**Clipstone**”) are expected to become the Target Company’s subsidiaries and/or associated companies (the “**Existing Target Group Expansion**”). Accordingly, following the Existing Target Group Expansion, the Target Company, its subsidiaries and its associated companies would comprise the entities as set out in Annex C to this announcement (the “**Target Group**”).
- 2.1.5 SEMCO is a company incorporated in the Philippines which is principally engaged in the business of searching, prospecting, exploration and location of ores and mineral resources, while Clipstone is a company incorporated in the British Virgin Islands which is principally engaged in the business of investment holding. In connection with the Existing Target Group Expansion, it is intended that Clipstone would be wholly-owned by the Target Company, and SEMCO would, in turn, be wholly-owned by Clipstone.
- 2.1.6 In connection with the Proposed Acquisition and as set out in paragraph 3.5.1(ii) below, the Company will be carrying out the necessary due diligence on the Target Company and the Target Group in due course.

### 2.2 Information on the Vendor

- 2.2.1 The Vendor is a private company limited by shares incorporated in Singapore. The entire issued and paid-up share capital of the Target Company is owned by the Vendor.

### 3. SALIENT TERMS OF THE SPA

#### 3.1 Sale and Purchase of the Sale Shares

3.1.1 Pursuant to the SPA, the Vendor shall sell, and the Company shall purchase all the shares in the issued and paid-up share capital of the Target Company held by the Vendor (the “**Sale Shares**”), free from all encumbrances and together with all rights, entitlements and advantages attaching thereto as of and including the Completion Date (as defined below) (including the right to receive all dividends or distributions declared, made or paid on or after completion of the Proposed Acquisition (“**Completion**”)).

3.1.2 The sale and purchase of the Sale Shares is conditional upon the satisfaction of the Conditions Precedent (as defined below) on or before the date falling one (1) year from the date of the SPA (or such other date as mutually agreed in writing between the Parties), or such date falling three (3) months from the date on which the Proposed Whitewash Resolution (as defined below) is approved, whichever is earlier (the “**Long Stop Date**”).

#### 3.2 Purchase Consideration

3.2.1 The Purchase Consideration for the Sale Shares is S\$72,000,000 or fifty per cent. (50%) of the valuation of the Target Group as mutually agreed between the parties, based on the valuation set out in the Independent Valuation Report (as defined below) and excluding any convertible or exchangeable debentures of the Target Group that will be discharged at Completion (the “**Agreed Valuation**”), whichever is the lower.

3.2.2 For the purposes of this announcement, “**Independent Valuation Report**” means the valuation reports on the Concession Blocks conducted by an independent qualified person that meets (i) the standards of the VALMIN Code (as defined in the Catalist Rules), and (ii) the requirements for mineral, oil and gas companies in the Catalist Rules, for the purposes of inclusion in the Circular to be despatched to Shareholders; and “**Concession Blocks**” means collectively the mining concession for a gold mine project comprising 761.4009 hectares located in the province of Misamis Oriental, Philippines, the mining concession for a gold and copper mine project comprising 534 hectares located in the Benguet province in the Philippines, the mining concession for a gold and copper mine project comprising 4,395 hectares located in the Province of Agusan Del Norte in the Philippines, and such other mining concessions and exploration permits that may be deemed to be or will be owned by the Target Group on or before Completion. The Parties will be appointing an independent qualified person to prepare the Independent Valuation Report in due course.

3.2.3 The Purchase Consideration was agreed on a willing-buyer and willing-seller basis and is based on the net tangible assets (“**NTA**”) negative value of the Target Group as at 31 October 2019 i.e. based on the information available at the time of negotiations, and the subsequent estimated revaluation of such NTA value under the Agreed Valuation based on unofficial indicative valuation, which is being updated to comply with the relevant public disclosure standards. The net liability value of the Sale Shares is S\$0.689 million based on the unaudited consolidated financial statements of the Target Group as at 31 December 2019 and this does not take into account the valuation of the assets of the Target Group

3.2.4 The Purchase Consideration shall be satisfied in full by the allotment and issue of such number of Consideration Shares at the Pre-Consolidation Issue Price of

S\$0.005 per Consideration Share on a pre-Proposed Share Consolidation basis, by the Company to the Vendor (or the Recipients) credited as fully paid.

3.2.5 The Pre-Consolidation Issue Price was determined based on, *inter alia*:

- (i) the Parties' perceived value of the Company of S\$8 million on a willing-buyer, willing seller basis;
- (ii) the outstanding debts and liabilities owed by the Company, its subsidiaries and its associated companies (the "**Group**") to each of Dr. Ong Hian Eng and Norwest Chemicals Pte. Ltd. ("**NWC**") from time to time (the "**Material Debts**");
- (iii) that save for the Material Debts, there will be no other actual or contingent liabilities which are outstanding from the Group as at Completion; and
- (iv) the existing issued and paid-up 1,031,524,685 ordinary shares in the capital of the Company (the "**Shares**") as at the date of the SPA.

3.2.6 The Pre-Consolidation Issue Price represents a discount of approximately 64% from the weighted average trading price of the Company's Shares of S\$0.014 on the market day preceding the date of entry into the SPA. Further, the Pre-Consolidation Issue Price represents a discount of approximately 75% from the weighted average trading price of the Company's Shares of S\$0.0217 on the market day preceding the date of entry into the Term Sheet.

3.2.7 The Parties have agreed that, if so required in accordance with the Catalist Rules, the Company shall carry out a proposed consolidation of such number of Shares of the Company into one (1) Consolidated Share (as defined below), to be agreed by the Company and the Vendor in writing, so that the Consideration Shares would be priced at no less than S\$0.20 per Share (the "**Proposed Share Consolidation**"). The Pre-Consolidation Issue Price shall be subject to adjustments in respect of the Proposed Share Consolidation. For the purposes of this announcement, "**Consolidated Shares**" mean the Shares of the Company after the completion of the Proposed Share Consolidation.

3.2.8 Under the SPA, the Vendor is entitled to direct the Consideration Shares to be allotted and issued to third parties ("**Recipients**"), in such proportion and quantum as the Vendor may decide, and shall furnish to the Company the identities and other necessary details of such Recipients prior to the submission of the Circular to the SGX-ST. The allotment and issuance of the Consideration Shares to the relevant Recipients shall constitute a good and valid discharge of the Company's obligation to issue the Consideration Shares.

3.2.9 The approximately 14,400,000,000 Consideration Shares to be allotted and issued in satisfaction of the Purchase Consideration represent 1396% of the existing share capital of the Company of 1,031,524,685 Shares, and 93.32% of the enlarged share capital of the Company of 15,431,524,685 Shares upon Completion.

3.2.10 The Consideration Shares shall be free from encumbrances and shall rank *pari passu* in all respects with the then-issued Shares save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Consideration Shares. All Consideration Shares shall be subject to the moratorium

requirements under the Catalist Rules, or as otherwise required by the SGX-ST or the financial advisor to be appointed for the Proposed Acquisition.

### 3.3 The Proposed NWC Divestment

- 3.3.1 Prior to or concurrently with Completion, and subject to paragraph 3.3.4 below, the Company shall procure the divestment of the entire issued and paid-up capital of NWC (the “**Proposed NWC Divestment**”) by way of an issue of warrants (the “**Warrants**”) by its subsidiary, NWC, to the Shareholders prior to Completion (the “**Proposed Warrant Issuance**”).
- 3.3.2 The terms and conditions of the Proposed NWC Divestment, the Proposed Warrant Issuance and the Warrants shall be finalised and agreed to in writing between the Company and the Vendor, before the EGM to be convened in respect of the Proposed Transactions.
- 3.3.3 The Warrants shall be issued to Shareholders such that the full conversion of all Warrants by Shareholders will result in the Shareholders owning in aggregate at least 99% of the total enlarged issued and paid-up share capital of NWC. Accordingly, NWC will cease to be a subsidiary of the Company upon the full conversion of all Warrants by the Shareholders. The Warrants shall be issued on a pro rata basis to the Shareholders in the proportion of their shareholding in the Company before Completion (excluding the effects of the issuance of the Consideration Shares). The Proposed NWC Divestment will result in a divestment of all assets and liabilities of the Company as represented by NWC. If not for the Proposed Acquisition, the Proposed NWC Divestment may result in the Company being deemed as a cash company. Accordingly, as agreed by the Parties under the SPA, the Proposed NWC Divestment shall be completed prior to or concurrently with Completion of the Proposed Acquisition so as to avoid the Company being deemed as a cash company.
- 3.3.4 For the avoidance of doubt, the Parties acknowledge and agree that the Proposed NWC Divestment may not be effected by way of the Proposed Warrant Issuance. To this end, the Parties shall mutually agree to the instrument and method in order to effect the Proposed NWC Divestment in due course and at the appropriate juncture, after consultation with its professional advisors and the SGX-ST.
- 3.3.5 Please refer to paragraph 4 of this announcement for the rationale and further details on the Proposed Warrant Issuance.

### 3.4 Obligations of the Parties

- 3.4.1 The Company undertakes to and in favour of the Vendor to execute and deliver and/or procure to be executed and delivered all documents, and to do and/or procure to be done all acts and things, necessary and reasonably required for the implementation of the Proposed Transactions, obtain any such documents from third parties and take all further action as expeditiously as reasonably practicable, and the following:
- (i) *Appointment of the Financial Adviser* – the Company will appoint a financial adviser in respect of the Proposed Acquisition and the reverse takeover of the Group by the Vendor (the “**Financial Adviser**”), and will use all reasonable endeavours to render all assistance reasonably required by the Financial Adviser appointed in relation to the Proposed Transactions;

- (ii) *Appointment of the IFA* – the Company will appoint an independent financial adviser (the “**IFA**”) to opine and advise on the resolution by the independent Shareholders to waive their rights to receive a general offer from the Vendor and its concert parties for all the remaining issued Shares in the Company not already owned, controlled or agreed to be acquired by them under Rule 14 of the Singapore Code on Takeovers and Mergers (the “**Takeover Code**”) arising from the Proposed Acquisition (the “**Proposed Whitewash Resolution**”), and will use all reasonable endeavours to render all assistance reasonably required by the IFA appointed in relation to the SPA;
- (iii) *Pre-Clearance (Proposed NWC Divestment)* – the Company submitting the necessary pre-clearance letter(s) to the SGX-ST to, *inter alia*, disclose the Proposed NWC Divestment and Proposed Warrant Issuance (the “**PCL (Proposed NWC Divestment)**”), and the Company obtaining the approval from the SGX-ST for the Proposed NWC Divestment, the Proposed Warrant Issuance and such other matters raised in the PCL (Proposed NWC Divestment) on such terms and conditions that are acceptable to the Company and the Vendor (the “**Proposed NWC Divestment Pre-Clearance Approval**”);
- (iv) *Pre-Clearance (Proposed Acquisition)* – the Company submitting the necessary pre-clearance letter(s) to the SGX-ST to, *inter alia*, disclose the Proposed Acquisition (the “**PCL (Proposed Acquisition)**”), and collectively with the PCL (Proposed NWC Divestment), the “**PCLs**”), and the Company obtaining approval from the SGX-ST for the Proposed Acquisition, the Proposed Transactions and such other matters raised in the PCL (Proposed Acquisition) on such terms and conditions that are acceptable to the Company and the Vendor (“**Proposed Acquisition Pre-Clearance Approval**” and collectively with the Proposed NWC Divestment Pre-Clearance Approval, the “**SGX Pre-Clearance Approval**”);
- (iv.A) *Compliance Placement* – if so required under the Catalist Rules, and after discussion between the Company and its financial adviser and/or other professional advisers, the Company will undertake a compliance placement on terms mutually acceptable to the Parties, which shall be completed before or at Completion to ensure that at least 15% of its total number of issued Shares (excluding preference shares, convertible equity securities and treasury shares) is held by the public at Completion (the “**Compliance Placement**”);
- (v) *Circular* – the Company shall use commercially reasonable endeavours to prepare, finalise and procure the issuance of the Circular to Shareholders for the consideration and approval of, *inter alia*, the Proposed Transactions at the EGM to be convened (which shall include the Target Letter (as defined below)), in compliance with the Catalist Rules and all applicable laws, regulations and listing rules as soon as possible;
- (vi) *Submission of Pre-Admission Notification* – the Company shall use all reasonable endeavours to procure the submission of a pre-admission notification to the SGX-ST in respect of the Proposed Acquisition (the “**Pre-Admission Notification**”) and obtain the in-principle approval of the SGX-ST for the reverse takeover of the Company pursuant to the Proposed Acquisition (the “**RTO Approval**”), in accordance with the Catalist Rules and

such other laws and regulations as may be applicable for the purposes of such notification;

- (vii) *Despatch of Circular and EGM documents* – after RTO Approval has been obtained, the Company shall despatch or procure the despatch to the Shareholders the Circular and the appropriate forms of proxy for use at the EGM to be convened, and the Company shall use commercially reasonable endeavours to ensure such despatch takes place as soon as reasonably practicable;
- (viii) *EGM and Shareholder Approval* – the Company shall hold the EGM and to obtain the required approval by the Shareholders for, *inter alia*, the Proposed Transactions as soon as practicable. For the avoidance of doubt, the Proposed Transactions shall all be inter-conditional amongst each other;
- (ix) *Irrevocable Undertakings* – the Company procuring the execution of irrevocable undertakings by its substantial Shareholders in favour of the Company to exercise all of the Warrants held by them before the expiry of said Warrants (the “**Irrevocable Undertakings**”), in a manner that is mutually acceptable to the Parties;
- (x) *Discharge of the Material Debts* – the Company shall procure the full and final repayment and discharge of the Material Debts owing by the Group on or before Completion, on terms and conditions that are mutually acceptable to the Parties;
- (xi) *Proposed Factories Disposal* – the Company shall use all reasonable endeavours to procure the completion of the disposal of the two factories and the office premises located at Xiangliu Village, Gongxing Town, Mianzhu City, Sichuan Province, the People’s Republic of China owned by the Group which is utilised in the production of elemental phosphorus (the “**Factories**”) (the “**Proposed Factories Disposal**”), as well as the repayment of the outstanding loan in respect of the Factories to China Bohai Bank and the corresponding discharge of the corporate guarantee granted by the Company to China Bohai Bank, all of which shall be completed before Completion and on terms and conditions mutually acceptable to the Company and the Vendor;
- (xii) *The Proposed NWC Divestment and the Residual Liabilities* – the Company shall propose the terms and manner of (a) the Proposed NWC Divestment (which may include the Warrants and the Proposed Warrant Issuance), and (b) the discharge of the Residual Liabilities, that is mutually acceptable to the Parties, before the EGM to be convened in respect of the Proposed Transactions. For the purposes of this announcement, “**Residual Liabilities**” means collectively, (A) an amount of approximately S\$1 million of outstanding payables owing from the Group to third parties, and (B) all of the ordinary shares in the issued and paid-up share capital of NWC owned by the Company;
- (xiii) *Authorisations and Consents* – the Company shall use its best endeavours to ensure that all necessary corporate and other authorisations, permits, consents and approvals from the Shareholders, its directors and other governmental bodies are obtained for the execution and performance of its

obligations under the SPA and/or the Proposed Transactions (including but not limited to the Proposed Acquisition, the Proposed Factories Disposal and the Proposed NWC Divestment);

- (xiv) *Notification of Circumstance* – the Company shall promptly notify the Vendor of any matter or circumstance which might reasonably be expected to cause or result in any of the Conditions Precedent to be unfulfilled or incapable of fulfilment as soon as possible after becoming aware of it;
- (xv) *Provision of Information* – the Company will use all reasonable endeavours to provide the Vendor with any information which (a) the Vendor may require arising from or in connection with the Vendor's entry into and performance of the SPA or (b) the Vendor has reason to believe would be necessary or desirable in connection with the Vendor's entry into and performance of the SPA; and
- (xvi) *Compliance SGX-ST Conditions and Applicable Laws, Further Assurance* – the Company will comply with any condition applicable to it that may be imposed by the SGX-ST, as well as all laws, rules, regulations, applicable to the Company in connection with the Proposed Transactions, and do all things and execute all documents or any other thing as may be reasonably required or necessary in connection with the consummation of the transactions contemplated under the SPA (including responding to queries from governmental bodies in a timely manner).

3.4.2 The Vendor undertakes to and in favour of the Company to execute and deliver and/or procure to be executed and delivered all documents, and to do and/or procure to be done all acts and things, necessary and reasonably required for the implementation of the Proposed Transactions, obtain any such documents from third parties and take all further action as expeditiously as reasonably practicable, and the following:

- (i) *Independent Valuation Report* – the Vendor shall use its best endeavours to procure that an independent qualified valuer prepares and delivers the Independent Valuation Report to the Vendor as soon as reasonably practicable;
- (ii) *Technical Report* – the Vendor shall use its best endeavours to procure that an independent qualified person prepares and delivers the technical report on a review of the Concession Blocks conducted by an independent qualified person that meets (i) the standards of the JORC Code (as defined in the Catalist Rules); and (ii) the requirements for mineral, oil and gas companies as set out in the Catalist Rules, for the purposes of inclusion in the Circular to be despatched to Shareholders (the “**Technical Report**”), to the Vendor as soon as reasonably practicable;
- (iii) *Existing Target Group Expansion* – the Vendor shall procure the completion of the Existing Target Group Expansion such that, immediately prior to and as at Completion: (1) the Target Group comprises the entities listed in Annex C and (2) the Target Group structure is as set out in Annex C;
- (iv) *Licences, Permits and Approvals* – the Vendor shall procure that immediately prior to and as at Completion, each of the Target Group entities shall possess



all requisite licences, permits and approvals as may be necessary for their operations, and that such licences, permits and approvals are valid and have not been revoked;

- (v) *Further Fund-raising* – the Vendor procuring the raising of further capital (whether as debt or equity) by the Target Group and setting aside at least S\$2,800,000 of such proceeds for the purpose of discharging the Material Debts, and such sum being maintained as cash or cash equivalents;
- (vi) *Target Letter* – the Vendor shall use commercially reasonable endeavours to prepare, finalise and procure the issuance of a letter to the Shareholders concurrently with the Circular to provide further information on the Target Group (the “**Target Letter**”), in compliance with the Catalist Rules and all applicable laws, regulations and listing rules as soon as possible;
- (vii) *Whitewash Waiver* – the Vendor shall use all reasonable endeavours to procure the submission of an application to the Securities Industry Council of Singapore (“**SIC**”) for a waiver in relation to, *inter alia*, the obligation (if any) by the Vendor to make a mandatory offer for all of the Shares not already owned, controlled or agreed to be acquired by the Vendor and its respective concert parties (if any) pursuant to Rule 14 of the Takeover Code, in connection with the Proposed Acquisition (the “**Whitewash Waiver**”);
- (viii) *Authorisations and Consents* – the Vendor shall use its best endeavours to ensure that all necessary corporate and other authorisations, permits, consents and approvals from its shareholders, its directors and other governmental bodies are obtained for the execution and performance of its obligations under the SPA and/or the Proposed Transactions;
- (ix) *Notification of Circumstance* – the Vendor shall promptly notify the Company of any matter or circumstance which might reasonably be expected to cause or result in any of the Conditions Precedent to be unfulfilled or incapable of fulfilment as soon as possible after becoming aware of it;
- (x) *Provision of Information* – the Vendor will use all reasonable endeavours to provide the Company with any information which (a) the Company may require arising from or in connection with the Company’s entry into and performance of the SPA or (b) the Company has reason to believe would be necessary or desirable in connection with the Company’s entry into and performance of the SPA; and
- (xi) *Compliance SGX-ST Conditions and Applicable Laws, Further Assurance* – the Vendor will comply with any condition applicable to it that may be imposed by the SGX-ST, as well as all laws, rules, regulations, applicable to the Vendor in connection with the Proposed Transactions, and do all things and execute all documents or any other thing as may be reasonably required or necessary in connection with the consummation of the transactions contemplated under the SPA.

3.4.3 The Parties shall negotiate in good faith and agree to the manner of raising further capital by the Vendor (including without limitation, the instruments to be issued and the terms and manner of such issuance) in order to give effect to paragraph 3.4.2(v) above.

### 3.5 Conditions Precedent

3.5.1 Subject to the terms and conditions of the SPA, the obligations of the Parties to complete the Proposed Acquisition are subject to the fulfilment, satisfaction or waiver of the following conditions (the “**Conditions Precedent**”):

- (i) the completion of the following obligations of the Parties set out in paragraph 3.4 above, unless otherwise waived in writing by the relevant Party:
  - (a) the procurement of all authorisations and consents for the Proposed Transactions by the Company and the Vendor, set out in paragraphs 3.4.1(xiii) and 3.4.2(viii) above;
  - (b) the finalisation and agreement between the Company and the Vendor of the terms of the Proposed NWC Divestment and the manner of discharge of the Residual Liabilities, set out in paragraph 3.4.1(xii) above;
  - (c) the full and final discharge of the Material Debt on such terms and conditions that are acceptable to the Parties, set out in paragraph 3.4.1 above;
  - (d) the Vendor having procured the completion of the Existing Target Group Expansion such that, immediately prior to and as at Completion: (i) the Target Group comprises the entities listed in Annex C and (ii) the Target Group structure is as set out in Annex C, as set out in paragraph 3.4.2(iii) above;
  - (e) the Vendor having procured all requisite licences, permits and approvals as may be necessary for the operations of each of the Target Group Companies and that such licences, permits and approvals are valid and have not been revoked, as set out in paragraph 3.4.2(iv) above;
  - (f) the completion of the further fund-raising by the Vendor set out in paragraph 3.4.2(v) above; and
  - (g) the execution of all of the Irrevocable Undertakings, set out in paragraph 3.4.1 above;
- (ii) the completion of financial, legal, operational and any other due diligence exercise on the Target Group by the Company, and the results of such due diligence exercise being reasonably satisfactory to the Company;
- (ii.A) if the Compliance Placement is required, the Purchaser having obtained shareholders' approval for the Compliance Placement and the listing and quotation notice to be issued by the SGX-ST in relation to the shares to be issued in connection with the Compliance Placement;
- (iii) the issuance of the Independent Valuation Report and the Technical Report, the findings and methodology of which being satisfactory to the Company, the Vendor and the financial advisor to be appointed for the Proposed Acquisition, set out in paragraphs 3.4.2(i) and (ii) above;
- (iv) the submission of the PCLs to the SGX-ST and the issuance of the SGX Pre-Clearance Approval on such terms and conditions that are acceptable to the Parties;

- (v) the submission of the Pre-Admission Notification to the SGX-ST and the issuance of the RTO Approval on such terms and conditions that are acceptable to the Parties;
- (vi) all of the Proposed Transactions are approved by the Shareholders at the EGM to be convened;
- (vii) the receipt of the Whitewash Waiver on such terms and conditions that are acceptable to the Parties;
- (viii) the completion of the Proposed Share Consolidation, the Proposed NWC Divestment and the Proposed Factories Disposal before Completion;
- (ix) the Company has not been subject to a delisting notice from the SGX-ST;
- (x) all warranties given by the Parties being complied with, and being true and correct in all material respects as of the Completion Date as though made on and as of each of such dates except to the extent any such representation and warranty expressly relates to a prescribed date (in which case as of such prescribed date);
- (xi) the Parties having, as of the Completion Date, performed and complied in all material respects with all obligations, covenants and agreements contained in the SPA which are required to be performed by or complied with by it, on or prior to the Completion Date except to the extent any such representation and warranty expressly relates to a prescribed date (in which case as of such prescribed date); and
- (xii) there being no Material Adverse Change or any event, development or state of facts that is likely to result in a Material Adverse Change on or before Completion. For the purposes of this announcement, “**Material Adverse Change**” means, in the reasonable opinion of the Company or the Vendor, any change, event, circumstance or effect which is or is reasonably likely to be materially adverse to: (i) the value of the business or assets of the Target Group as a whole; (ii) the operations, financial position or profitability of the business or assets of the Target Group as a whole; or (iii) the value and/or the suitability of the Company and/or the Group (including NWC) for a reverse takeover.

3.5.2 If any of the Conditions Precedent above are not fulfilled and/or waived on or before the Long Stop Date, the SPA shall immediately cease and determine and neither Party shall have any claim against the other for costs, damages, compensation or otherwise, save for any claim by either Party against the other Party arising from any antecedent breach of the terms therein.

3.5.3 Save as disclosed in this announcement, there are no other material terms in respect of the Proposed Acquisition.

### 3.6 Completion

Completion shall take place on the date falling five (5) business days after the date on which the last of the Conditions Precedent is fulfilled or waived (or such other date and time as the Parties may agree in writing) (the “**Completion Date**”).

#### **4. RATIONALE FOR THE PROPOSED ACQUISITION AND PROPOSED WARRANT ISSUANCE**

- 4.1 As disclosed in the Company's holding announcement dated 23 September 2020, 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 People's Republic of China ("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 Group's management continues to be in discussion with the PRC Government on compensation proposals and the Group's lawyers have submitted a request for arbitration to the PRC Government. However, the Board expects that any outcome as a result of such discussions or arbitration may take years and may require substantial funding.
- 4.2 As the ongoing discussions and arbitration in connection with the Mining Interruptions would be led by NWC, the rationale for the Proposed Warrant Issuance is to ensure that Shareholders have a continued opportunity to participate in the rewards and risks associated with the ongoing discussions and arbitration post-Completion and after the disposal of NWC. While the Company is currently contemplating the Proposed Warrant Issuance as a means to dispose of NWC, the disposal of NWC by way of the Proposed Warrant Issuance is subject to, *inter alia*, the Company's further discussions with its professional advisers and approval from SGX-ST. In the event that the Company decides to dispose of NWC by an alternative means, the Company will make the relevant announcement to update Shareholders at the appropriate juncture. For clarity, although the Proposed Warrant Issuance is a condition precedent to the Proposed Acquisition, the Proposed Warrant Issuance is not conditional upon completion of the Proposed Acquisition.
- 4.3 In light of the foregoing, the Company has sought to restore the Company's financial position and to transform the Company into a more suitable listing platform for new assets. 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.

#### **5. HISTORICAL FINANCIAL INFORMATION ON THE EXISTING TARGET GROUP**

A summary of the unaudited consolidated financial statements of the Existing Target Group for the financial year ended 31 December 2019 ("**FY2019**") is set out below. As the Target Company was only incorporated in 2019 and the Existing Target Group was formed by the acquisition of assets

The financials of the Existing Target Group below is based on acquisition of assets and not businesses, and that the financial statements of the Existing Target Group is in the process of being audited.

## Income Statement

	<b><u>Unaudited FY2019</u></b>
	<b><u>(SGD'000)</u></b>
Revenue	0
(Loss)/Profit before tax	(399)

## Balance Sheet

	<b><u>Unaudited FY2019</u></b>
	<b><u>(SGD'000)</u></b>
Non-current asset	15,838
Current asset	249
Current liabilities	(7,731)
Non-current liabilities	(9,045)
	<hr/>
	(689)
	<hr/>
Share capital and accumulated losses	(397)
Non-controlling interest	(292)
	<hr/>
	(689)
	<hr/>

## 6. PRO FORMA FINANCIAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES (INCLUDING THE TARGET GROUP) UPON COMPLETION ("ENLARGED GROUP").

6.1 The unaudited pro forma consolidated financial statements of the Enlarged Group for FY2019 is for illustrative purposes only and has been prepared based on a mere summation of the audited financial statements of the Company for FY2019, the unaudited consolidated financial statements of the Target Group (excluding SEMCO) for FY2019, and the audited financial statements of SEMCO for the period between 1 July 2019 and 30 June 2020 (as SEMCO's financial year end is 30 June unlike the rest of the Target Group) and has been adjusted to take into account the following assumptions:

6.1.1 the Proposed NWC Divestment having been completed via the Proposed Warrant Issuance (on the assumption that the Warrants are exercised on 31 December 2019) and, accordingly, the provision for the impairment of investment in NWC has been reversed;

6.1.2 the payment of the Material Debts of \$2.8 million, to Dr. Ong Hian Eng and NWC;<sup>1</sup> and

6.1.3 the proposed issuance of S\$10 million worth of Shares by the Company to Bezant resources Plc ("**Bezant**") at and/or after Completion in connection with the conditional

<sup>1</sup> The Material Debts owing to Dr. Ong Hian Eng and NWC as at the date of this announcement is approximately S\$0.75 million and \$2.8 million respectively.

transaction agreement dated 4 October 2019 entered between the Vendor and Bezant, which has been classified as non-current liabilities in the unaudited consolidated financial statements of the Target Group for FY2019, having been completed. The issuance of S\$10 million worth of shares to Bezant is part of the 14.4 billion Consideration Shares.

- 6.2 Pursuant to Rule 1015(1)(a)(ii) of the Catalist Rules, a summary of the pro forma financial information of the Enlarged Group for FY2019 is as follows:

**Income Statement**

	<b><u>FY2019 Pro Forma Enlarged Group</u></b>
	<b><u>(SGD'000)</u></b>
Revenue	0
(Loss)/Profit before tax	(1,372)

**Balance Sheet**

	<b><u>FY2019 Pro Forma Enlarged Group</u></b>
	<b><u>(SGD'000)</u></b>
Non-current asset	27,560
Current asset	523
Current liabilities	(20,032)
Non-current liabilities	0
	<hr/>
	8,051
	<hr/>
Share capital and accumulated losses	8,343
Non-controlling interest	(292)
	<hr/>
	8,051
	<hr/>

**7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION**

- 7.1 The financial information relating to the Target Group used for illustrating the financial effects of the Proposed Acquisition, as set out under this paragraph, was provided by the Vendor.
- 7.2 The pro forma financial effects of the Proposed Acquisition on the net tangible assets ("**NTA**") or net tangible loss ("**NTL**") per Share and loss per Share ("**LPS**") are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Enlarged Group following Completion. The financial effects of the Proposed Acquisition are prepared based on the audited consolidated financial statements of the Group for FY2019, the unaudited consolidated financial statements of the Target Group for FY2019 and the following assumptions:
- 7.2.1 the Group's pro forma NTA is computed assuming that the Proposed Acquisition was completed on 31 December 2019;
- 7.2.2 the Group's pro forma losses and LPS are computed assuming that the Proposed Acquisition was completed on 1 January 2019;

7.2.3 the fair value adjustments on the net assets of the Group and goodwill arising from the Proposed Acquisition, if any, have not been considered for the purpose of computing the financial effects of the Proposed Acquisition and will be determined on the Completion Date when the Vendor has effectively obtained control of the Company. As the final goodwill will have to be determined at Completion and upon the full completion of a purchase price allocation exercise, the actual goodwill could be materially different from the aforementioned assumption. Any goodwill arising thereon from the Proposed Acquisition will be accounted for in accordance with the accounting policies of the Company;

7.2.4 no adjustments have been made to account for the different accounting standards of the Group and the Target Group; and

7.2.5 expenses in connection with the Proposed Transactions are disregarded for the purposes of calculating the financial effects.

### 7.3 Share Capital

	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition (Pro Forma)</b>
Number of ordinary shares	1,031,524,685	15,431,524,685
Issued and paid up share capital (S\$)	78,283,000	150,283,000

### 7.4 Net Tangible Assets

	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition (Pro Forma)</b>
NTA (Company-level) (S\$)	42,472,000	8,343,000 <sup>(1)</sup>
Number of ordinary shares	1,031,524,685	15,431,524,685
NTA per share (cents)	4.12	0.05

Note:

(1) The NTA after the Proposed Acquisition has not taken into consideration the impact of issuance of Consideration Shares and is subject to, *inter alia*, audit and purchase price allocation exercises (where applicable).

The actual NTA after the completion of the proposed acquisition could differ from the pro-forma, subsequent to the completion of the Target Company's group consolidated accounts financial close-process which remains work-in-progress.

### 7.5 Loss per share

	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition (Pro Forma)</b>
Net loss after tax (Company-level) (S\$)	39,163,000	1,372,000
Number of ordinary shares	1,031,524,685	15,431,524,685
Loss per share (cents)	3.80	0.01

## 8. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

- 8.1 Based on (i) the latest announced unaudited consolidated financial statements of the Group for the nine months ended 30 September 2020 ("9M2020") and (ii) the unaudited financial statements of the Target Group for FY2019, the relative figures for the Proposed Acquisition computed on the bases set out in Rules 1006 (a) to (e) of the Catalyst Rules are as follows:

Rule 1006	Bases of Calculation	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. Not applicable to an acquisition of assets	Not applicable <sup>(1)</sup>
(b)	The net profits attributable to the assets acquired, compared with the Group's net profits	40.8 <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	7,650.2 <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	1,396 <sup>(4)</sup>
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable <sup>(5)</sup>

### Notes:

- (1) This is not applicable to an acquisition of assets. The net assets value of the Group was approximately S\$79.091 million as at 30 September 2020.
- (2) The unaudited net loss attributable to the Target Group for FY2019 of approximately S\$399,000, compared with the Group's unaudited net loss (including discontinued operations and before income tax and non-controlling interest) of approximately S\$0.979 million for 9M2020. There are no interim figures available in respect of the Target Group for 9M2020.
- (3) For the purpose of Rule 1006(c), the aggregate value of the Consideration is computed based on the 14.4 billion of Consideration Shares multiplied by the weighted average price ('VWAP') of approximately S\$0.014 per Share on 11 November 2020, and took into account the absolute value of the negative net asset value of the Target Group of approximately \$0.689 million. The repayment of the Material Debts has been disregarded in the computation of the aggregate consideration as it will not change the need for the Shareholders' approval and relevant requirements for RTO under the Catalyst Rules. 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\$0.014 per Share on 11 November 2020, being the weighted average price for the Shares on the last full market day on which the Shares were traded immediately preceding the date on which the SPA was signed.



- (4) Based on the number of approximately 14,400,000,000 Consideration Shares to be allotted and issued in satisfaction of the Purchase Consideration and the Company's existing share capital of 1,031,524,685 Shares.
  - (5) This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not applicable to an acquisition of such assets.
- 8.2 As the relative figures computed on the bases set out under Rules 1006(c) and 1006(d) of the Catalist Rules exceed 100% and given that, upon Completion, there will be a change in control of the Company, the Proposed Acquisition, if undertaken and completed, is expected to result in a reverse takeover of the Company pursuant to Rule 1015 of the Catalist Rules. Accordingly, the Proposed Acquisition is subject to, *inter alia*, the approval of the Shareholders at the EGM to be convened.
- 8.3 Pursuant to paragraphs 2.5(e) and 2.6 of Practice Note 10A of the Catalist Rules, as the Proposed Acquisition will result in an expansion into a new resource or commodity type (given the business of the Target Group) and in view of the Proposed NWC Divestment, the Proposed Transactions are likely to result in a change in risk profile of the Company. The relative figures under Rule 1006 have not been computed in respect of the Proposed NWC Divestment as the proposed structure of the Proposed NWC Divestment is not definitive. In any event, further to paragraph 1.6, the Company will be seeking shareholders' approval for the Proposed NWC Divestment.

## **9. SERVICE AGREEMENTS**

- 9.1 As at the date of this announcement, the Company has not entered into any service agreement with any person proposed to be appointed as director in connection with the Proposed Acquisition. The details of any such appointments and service agreements, if any, will be set out in the Circular to be despatched to Shareholders in due course.

## **10. 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.

## **11. FURTHER INFORMATION**

- 11.1 The Company will make the necessary announcements as and when there are further material developments on the Proposed Acquisition, the Proposed Transactions and other matters contemplated by this announcement, in compliance with the requirements of Chapter 10 of the Catalist Rules, where applicable.
- 11.2 The Company undertakes that it will comply with the requirements of Chapter 10 of the Catalist Rules, including but not limited to seeking Shareholders' approval for the Proposed Acquisition and the Proposed Transactions (where applicable). In this regard, the Circular together with a notice of the EGM will also be despatched to the Shareholders in due course to seek Shareholders' approval for, *inter alia*, the Proposed Transactions. In the meantime, Shareholders are advised to refrain from taking any action in relation to their Shares in the Company, which may be prejudicial to their interests until they or their advisers have considered the information and the recommendations to be set out in the Circular.

## **12. 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, the Proposed Transactions, the SPA 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 Vendors 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.

### 13. 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.

### 14. CAUTIONARY STATEMENT

Shareholders are advised that the Proposed Acquisition and the Proposed Transactions are subject to numerous conditions and further due diligence by the Vendor and the Company. As such, there is no assurance that the Parties will be able to complete the Proposed Acquisition and the Proposed Transactions. 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

13 November 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., in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("Exchange") Listing Manual Section B: Rules of Catalyst 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.*

*The contact person for the Sponsor is Mr. Liao H.K..  
Telephone number: 6221 0271*

## **ANNEX A**

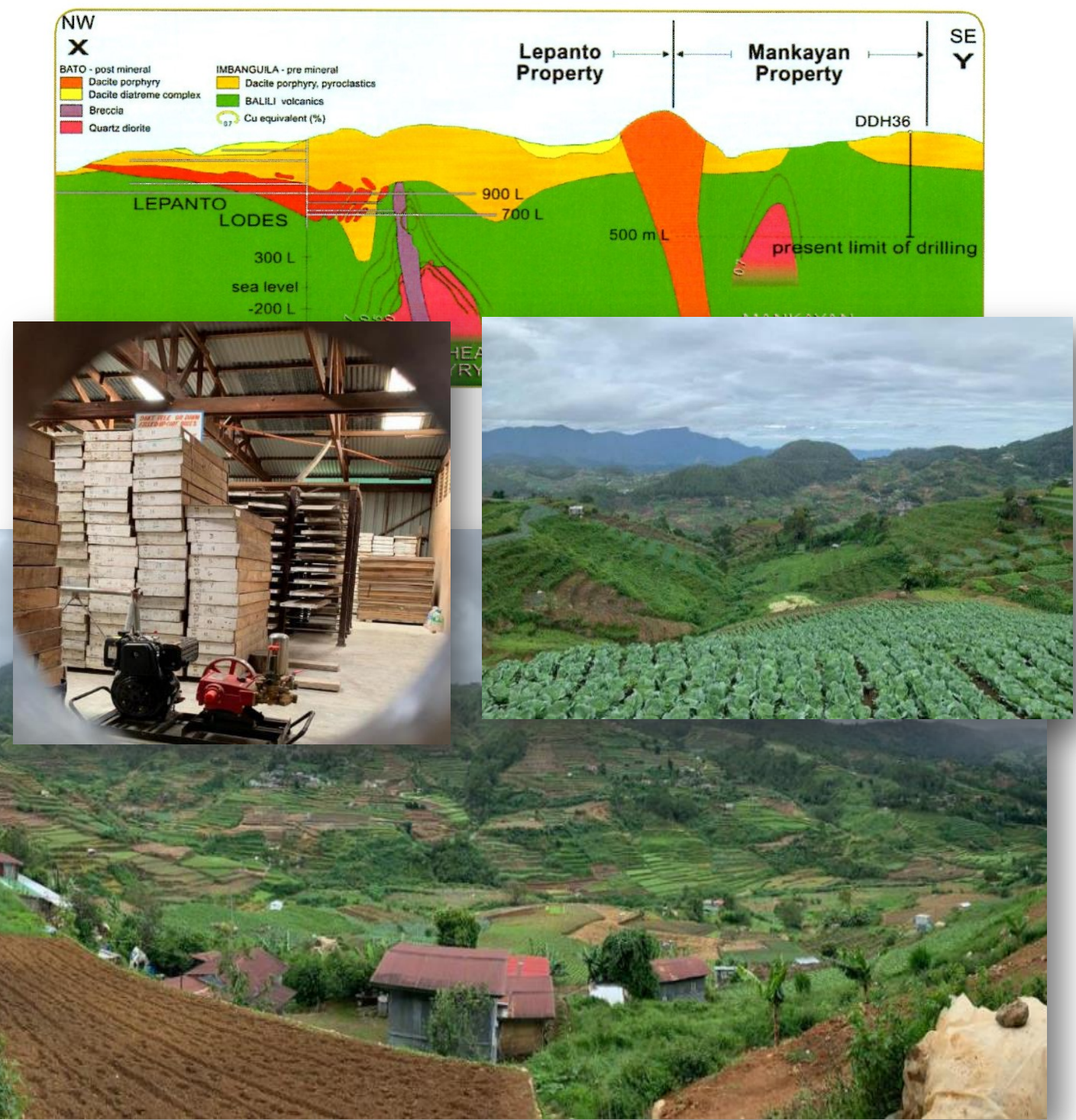
### **INFORMATION ON THE THREE (3) MINING CONCESSIONS LOCATED IN THE REPUBLIC OF THE PHILIPPINES**

# Mankayan Copper & Gold Project

## Key Facts

Location:	Located in Northern Luzon, about 260 kilometers from Manila and close to the center of Mankayan mineral district where large copper deposits have been discovered.
Size:	534 hectares
Mineralization:	Porphyry copper-gold deposit
Level of Exploration	Over 53,000 meters of drill holes
Estimated Resources:	<b>Combined Mineral Resource</b> of 257.8 million tonnes containing <b>9.6 million ounces of gold equivalent</b> . Indicated Mineral Resource of 221.6 million tonnes @ 0.49% Cu and 0.52 g/t Au Inferred Mineral Resource of 36.2 million tonnes @ 0.44% Cu and 0.48 g/t Au JORC 2004 compliant, being upgraded to JORC 2012

JORC Resource Category	Ore Size (Million Tonnes)	Copper Grade (%)	Gold Grade (g/t)	Contained Copper (Mt)	Contained Gold (Moz)	Total contained Gold Equivalent (Moz)
Indicated	221.6	0.49	0.52	1.1	3.7	8.36
Inferred	36.2	0.44	0.48	0.2	0.6	1.24
Indicated + Inferred	257.8	0.465	0.5	1.3	4.3	9.60

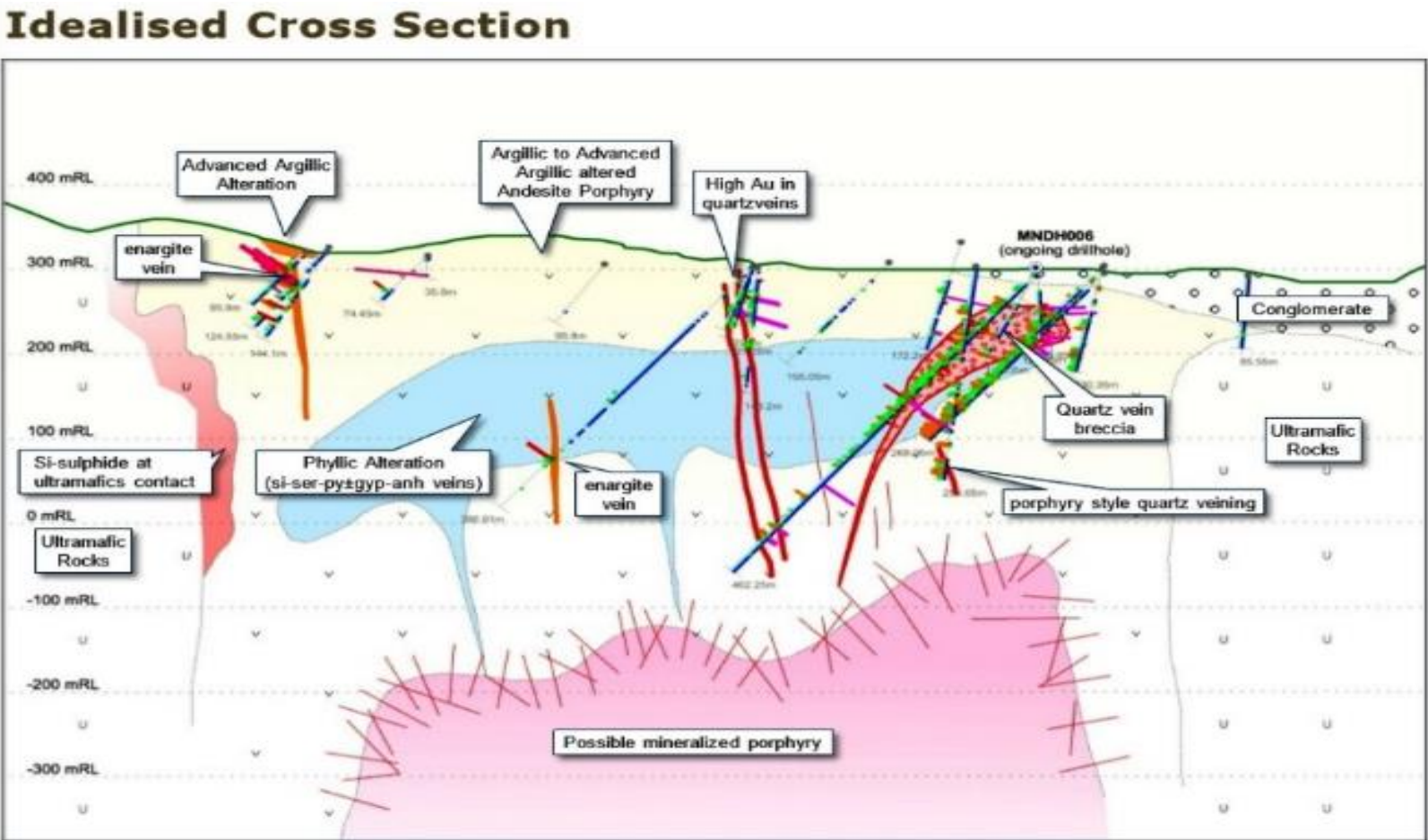




# Mainit Gold Project

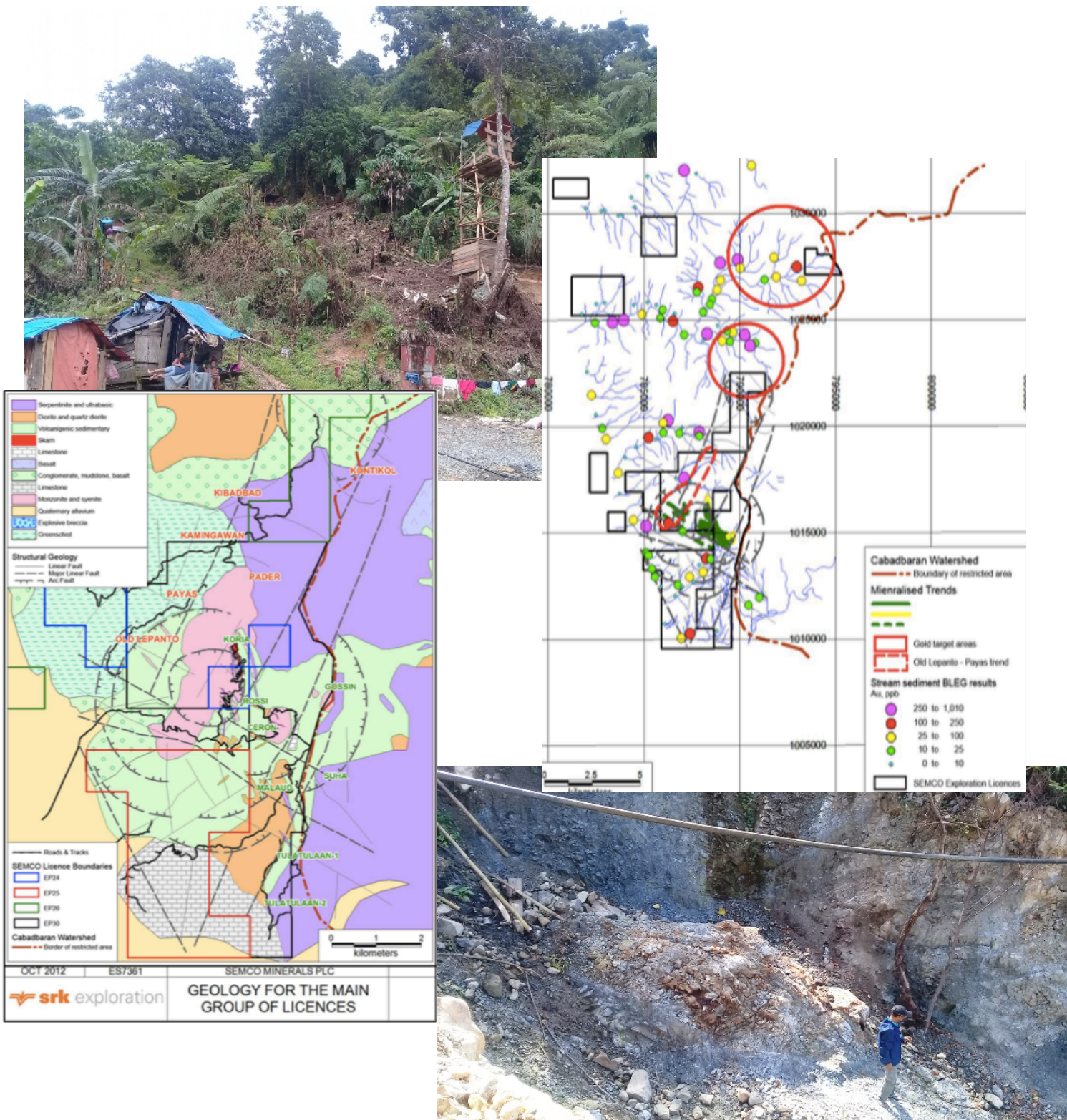


Key Facts	
Location:	Located in the central part of Mindanao Island, approximately 30 kilometers northeast of Iligan City. Favorably situated within a geologically-favorable zone where Tampakan Copper Project is situated.
Size:	761 hectares
Mineralization:	Epithermal gold vein deposit with bulk porphyry copper at depth
Level of Exploration	Over 6,000 metres of drill holes
Estimated Resources:	Inferred Mineral Resource of 720,000 tonnes @ 2.0 g/t Au resulting in about 46,000 oz of Gold





# Semco Gold & Copper Project

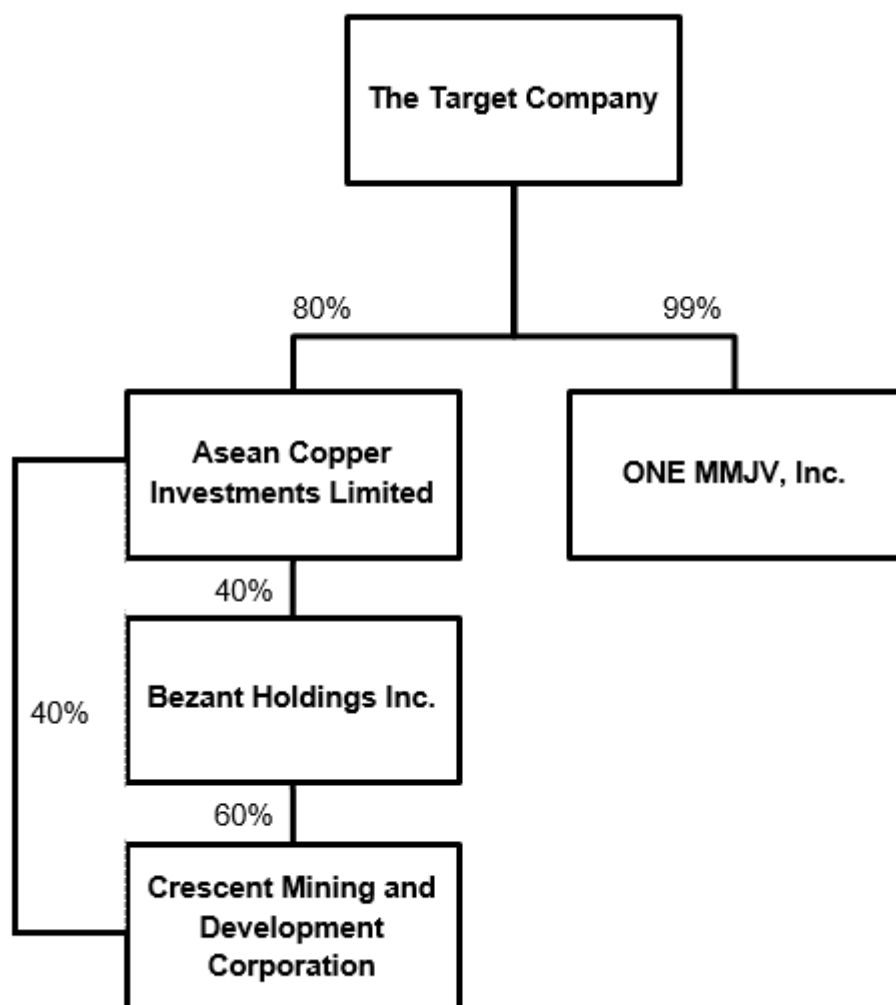


## Key Facts

<b>Location:</b>	The project area is within the Surigao - Agusan mineral district, which is host to several known epithermal and porphyry Cu and Au deposits such as the Siana Gold Mine of Greenstone Resources Corporation with a resource of > 2M ounces and the Boyungan Cu-Au Deposit of Silangan Mining Corporation with a resource of >300 Mt @ 0.6% Cu and 0.6 Au g/t
<b>Size:</b>	4,395 hectares
<b>Mineralization:</b>	Epithermal gold veining and porphyry copper-gold
<b>Level of Exploration</b>	Regional mapping, soil sampling, petrography, IP geophysical survey and 3,000m diamond drilling
<b>Small-scale mining</b>	<ul style="list-style-type: none"><li>• There are 25 Small Scale miners operating on site having different royalty agreements</li><li>• Small-scale miners need Semco approval to become legal miners on its tenement</li><li>• Proven gold district with historical production and identified potential ore sources.</li><li>• Strong local community support from province down to barangay</li></ul>

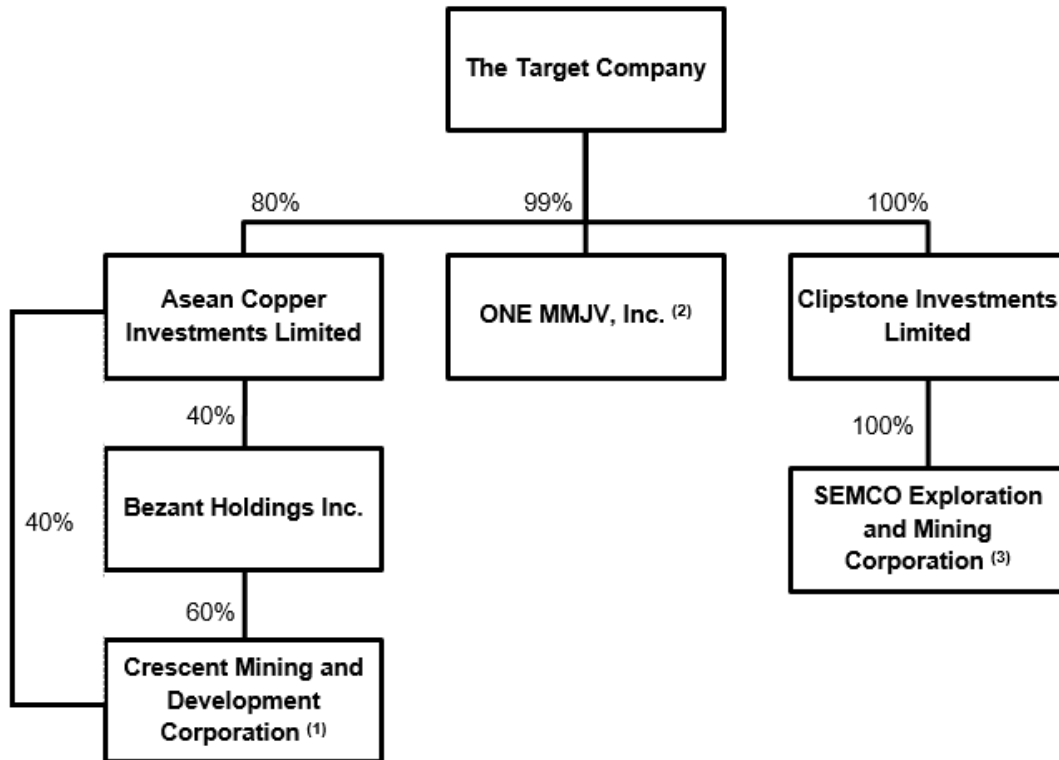
## ANNEX B

### GROUP STRUCTURE CHART OF THE EXISTING TARGET GROUP



## ANNEX C

### GROUP STRUCTURE CHART OF THE TARGET GROUP (AFTER THE EXISTING TARGET GROUP EXPANSION)



#### Notes:

- (1) Crescent Mining and Development Corporation owns the "Mankayan Project".
- (2) ONE MMJV, Inc. owns the "Mainit Project".
- (3) SEMCO Exploration and Mining Corporation owns the "SEMCO Project".