

Change - Change in Corporate Information::PROPOSED INTERNAL RESTRUCTURING OF THE GROUP AND CONSTRUCTION OF SHMP PLANT

Issuer

Issuer/ Manager	ASIAPHOS LIMITED
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Announcement Details

Announcement Title	Change - Change in Corporate Information
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Submitted By (Co./ Ind. Name)	Kenneth Leong
Designation	Company Secretary
Description (Please provide a detailed description of the event in the box below)	Please refer to the attached announcement and press release.

Place Of Incorporation

Existing	New
Singapore	

Registered Address

	Existing	New
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Attachments	AsiaPhos Restructuring Announcement_Final.pdf Press Release AsiaPhos Group Internal Restructuring and SHMP Plant.pdf Total size =205K
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(A) THE PROPOSED INTERNAL RESTRUCTURING OF THE GROUP

(B) CONSTRUCTION OF SHMP PLANT

(A) THE PROPOSED INTERNAL RESTRUCTURING OF THE GROUP

1. INTRODUCTION

1.1 The board of directors (the “**Board**”) of AsiaPhos Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company intends to carry out an internal restructuring (“**Internal Restructuring**”) involving the assets, operations and activities of the following subsidiaries:

- (a) Norwest Chemicals Pte. Ltd., a wholly-owned subsidiary of the Company incorporated in Singapore (“**Norwest Chemicals**”);
- (b) Sichuan Mianzhu Norwest Phosphate Chemical Co., Ltd (四川绵竹华丰磷化工有限公司), a wholly-owned subsidiary of Norwest Chemicals, incorporated in the People’s Republic of China (the “**PRC**”) (“**Sichuan Mianzhu**”); and
- (c) APC Limited, a wholly-owned subsidiary of the Company incorporated in Hong Kong.

1.2 To this end, a restructuring agreement was entered into between the Company, Norwest Chemicals, Sichuan Mianzhu and APC Limited on 16 June 2017 (the “**Restructuring Agreement**”) setting out, *inter alia*, the terms of the Internal Restructuring. It is intended that the New WOFE Subsidiary (as defined herein) shall become a party of the Restructuring Agreement upon completion of its establishment registration in the PRC.

2. THE INTERNAL RESTRUCTURING

2.1 The Internal Restructuring is intended to facilitate the reorganisation, streamlining and expansion of the Group’s downstream business segment, which consists of the production and sale of phosphorous and phosphate-based chemicals (“**Downstream Business**”), currently undertaken by Sichuan Mianzhu.

2.2 Under the terms of the Restructuring Agreement, the Internal Restructuring will be carried out in the following manner:



- (a) Norwest Chemicals shall procure Sichuan Mianzhu to split its assets, operations and activities between (i) the Upstream Business (as defined herein) and (ii) the Downstream Business such that the assets, operations and activities of the Downstream Business of Sichuan Mianzhu shall be undertaken by, a wholly-owned subsidiary of Norwest Chemicals (the “**New WOFE Subsidiary**”) to be incorporated in the PRC (the “**Business Split**”); and
- (b) upon completion of the Business Split, Norwest Chemicals shall sell, and APC Limited shall purchase, the entire equity interest of the New WOFE Subsidiary (the “**Sale of Equity Interest**”).

Upon completion of the Internal Restructuring, Sichuan Mianzhu shall continue to undertake the Group’s mining operations and activities in relation to the phosphate mines in Sichuan Province, the PRC (the “**Upstream Business**”), and the Downstream Business will be undertaken by the New WOFE Subsidiary.

- 2.3 The Business Split will be carried out in accordance with the laws and regulations of the PRC, and accordingly, there would not be any consideration involved.
- 2.4 The consideration payable by APC Limited for the Sale of Equity Interest shall be based on the net book value of the New WOFE Subsidiary as at the completion date of the Sale of Equity Interest, and will be fully satisfied by way of issuance of new ordinary shares in the issued and paid-up share capital of APC Limited to Norwest Chemicals.
- 2.5 The completion of the Internal Restructuring shall be conditional upon, *inter alia*:
 - (a) completion of the establishment registration of the New WOFE Subsidiary; and
 - (b) the approvals by or filing of the records with the relevant authorities of the PRC for the Business Split and the Sale of Equity Interest, and such approvals not having been amended or revoked on or before the date of completion of the Internal Restructuring.

3. FINANCIAL EFFECTS OF THE INTERNAL RESTRUCTURING

- 3.1 The Internal Restructuring will be funded through internal resources of the Group and is not expected to have any material impact on the earnings per share or net tangible assets per share of the Group for the current financial year ending 31 December 2017.



(B) CONSTRUCTION OF SHMP PLANT

4. PARTIAL RESUMPTION OF PHASE 2 REBUILDING PROGRAMME

- 4.1 In relation to the Internal Restructuring and in particular, the transfer of the Downstream Business from Sichuan Mianzhu to APC Limited, the Board wishes to inform that the management has undertaken and completed a review of its operations.
- 4.2 Pursuant to this review, the management is of the view that it may be appropriate to resume construction of a sodium hexametaphosphate (SHMP) plant ("**SHMP Plant**"), which is part of Phase 2 of the Rebuilding Programme, as set out in the Company's offer document dated 25 September 2013 in relation to the Company's listing on the Catalist Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Offer Document**"). Please refer to the section entitled "General Information of our Group – Business Strategies and Future Plans" of the Offer Document for further details.
- 4.3 The construction of the SHMP Plant shall take place upon completion of the Internal Restructuring.

5. THE SHMP PLANT

- 5.1 SHMP is used in a wide variety of industries, notably in water treatment, food processing, paints, and in mining and chemical manufacturing.
- 5.2 The SHMP Plant has a design capacity of up to 20,000 tonnes. The continuous production at the Group's P₄ plant could provide for an uninterrupted supply of gas required for SHMP production to the SHMP Plant, thus improving the cost-competitiveness of the Group's SHMP production.
- 5.3 The construction of the SHMP Plant is estimated to take approximately eight (8) months, and is expected to cost between RMB 6 million and RMB 7 million. The cost of construction of the SHMP plant will be funded by internal funds and borrowings. The SHMP Plant, when completed, will expand the product offerings of the Group's Downstream Business and is expected to create additional revenue and cash flow streams for the Group.

6. GOVERNMENTAL CONSENTS, PERMITS AND APPROVALS

- 6.1 The Company shall obtain all governmental consents, permits and/or approvals which are necessary or desirable from any third party, governmental or regulatory body or relevant competent authority in connection with the construction of the SHMP Plant, and ensure that such consents and approvals remain in full force and effect throughout the construction of the SHMP Plant. In this respect, the Company shall update the shareholders in due course and at the appropriate juncture.



7. FINANCIAL EFFECTS OF THE CONSTRUCTION OF THE SHMP PLANT

- 7.1 Given that the construction of the SHMP Plant will only commence after completion of the Internal Restructuring and will take approximately eight (8) months to complete, the construction of the SHMP Plant is not expected to have any material impact on the earnings per share or net tangible assets per share of the Group for the current financial year ending 31 December 2017.

(C) OTHERS

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

- 8.1 None of the directors or controlling shareholders of the Company, as well as their respective associates, has any interest, direct or indirect, in the abovementioned Internal Restructuring and the construction of the SHMP Plant (other than through their interests in the shares of the Company).

9. DOCUMENT FOR INSPECTION

- 9.1 A copy of the Restructuring Agreement is available for inspection during normal business hours at the Company's registered address at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 for a period of three (3) months from the date of this announcement.

10. FURTHER ANNOUNCEMENTS

- 10.1 The Company will keep Shareholders updated on this matter, and make further announcements as and when there are material developments in relation to the Internal Restructuring and the construction of the SHMP Plant.

BY ORDER OF THE BOARD

Simon Ong Eng Hock
Executive Director
ASIAPHOS LIMITED

19 June 2017



*This announcement has been prepared by the Company and its contents have been reviewed by United Overseas Bank Limited (the "**Sponsor**"), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST.*

The Sponsor and the SGX-ST assume 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 Lim Hoon Khiat, Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, Telephone: +65 6533 9898.



FOR IMMEDIATE RELEASE

AsiaPhos restructures to expand downstream chemical business

- **Includes plan to construct a SHMP plant as part of Phase 2 Rebuilding Programme**

SINGAPORE – 19 June 2017 – AsiaPhos Limited (“AsiaPhos” and together with its subsidiaries, the **“Group”**), a Singapore-headquartered mineral resources company focused on exploring and mining phosphate with a vertically-integrated business model, today announced plans to undertake an internal restructuring (**“Internal Restructuring”**) of its subsidiaries in a bid to reorganise, streamline and expand its downstream business.

The Group’s downstream business is focused on the production and sale of phosphate-based chemicals.

Before the Internal Restructuring, both the upstream and downstream businesses are undertaken by one business entity, Sichuan Mianzhu Norwest Phosphate Chemical Co., Ltd. (**“Sichuan Mianzhu”**). With the Internal Restructuring, Sichuan Mianzhu’s businesses will be split, with the downstream business – assets, operations and activities - undertaken by a newly-incorporated wholly-owned foreign enterprise (**“WOFE Subsidiary”**). The entire equity interest of the WOFE Subsidiary will then be sold to APC Limited, another wholly-owned subsidiary of the Group recently incorporated in Hong Kong. Sichuan Mianzhu will continue to undertake the Group’s mining operations and activities in the Group’s phosphate mines in Sichuan Province.

Commenting on the restructuring, Dr. Ong Hian Eng (王显荣博士), the Chief Executive Officer and Executive Director of AsiaPhos Limited said,

“The combination of technologic advancements and market developments have opened up new opportunities for phosphorous and phosphate base chemicals. New applications for phosphate offer the potential for strong business growth. This Internal Restructuring of our business signals the Group’s move to adopt a more focused approach in growing the downstream business and allowing us to streamline our operations and focus our resources on maximizing growth opportunities.”

In tandem with this Internal Restructuring, the management has reviewed its downstream operations and laid out plans to construct a sodium hexametaphosphate (SHMP) plant as part of Phase 2 of its Rebuilding Programme¹ at the New Gongxing site. SHMP is used in a wide variety of industries, notably in water treatment, food processing, paints, mining and chemical manufacturing. In addition, the Group’s continuous production activity at its P₄ plant could provide an uninterrupted supply of gas required for SHMP production, thereby improving the cost-competitiveness of the Group’s SHMP production.

With a designed capacity of up to 20,000 tonnes, the construction of the SHMP Plant will only commence after the completion of the aforementioned Internal Restructuring and is estimated to take approximately eight months. The cost of constructing the SHMP plant, estimated to be between RMB6 million to RMB7 million, will be funded by internal funds and borrowings.

On the rationale for constructing a SHMP plant, Dr. Ong added,

“The construction of the SHMP Plant will expand the Group’s product offerings of phosphate-based chemicals, potentially leading to additional revenue and cashflow streams for us.”

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¹ The Rebuilding Programme refers to the construction of facilities for its chemical production operations and offices at the New Gongxing Site following the Wenchuan Earthquake and the Relocation Exercise as set out in the offer document of the Company dated 25 September 2013.

About AsiaPhos Limited

AsiaPhos Limited was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 7 October 2013, and is the first mineral resources company listed on the SGX-ST which is solely focused on exploring and mining phosphate in the PRC with the ability to manufacture and produce phosphate-based chemical products. To make full use of phosphate, which is a valuable and non-renewable natural resource, AsiaPhos is adopting a vertically-integrated strategy which will comprise the mining of phosphate rocks from its existing mines and the production of phosphate-based chemical products. Led by an experienced management team, the Group currently owns two mining rights and three exploration rights, and owns a downstream processing facility in the Gongxing Industrial Park (Sichuan).

Issued for and on behalf of AsiaPhos Limited by August Consulting

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This press release should be read in conjunction with the Company’s announcement dated 19 June 2017.

This press release has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, United Overseas Bank Limited (the “Sponsor”), for compliance with the relevant rules of the SGX-ST.

The Sponsor has not independently verified the contents of this press release. This press release has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made or reports contained in this press release.

The contact person for the Sponsor is Mr Lim Hoon Khat, Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, Telephone: +65 6533 9898.