

GENERAL ANNOUNCEMENT::ENTRY INTO RENTAL AND COOPERATION SUPPLEMENTARY AGREEMENT WITH LIANYUNGANG ZEXIN FOOD INGREDIENTS

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ENTRY INTO RENTAL AND COOPERATION SUPPLEMENTARY AGREEMENT WITH LIANYUNGANG ZEXIN FOOD INGREDIENTS

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Submitted By (Co./ Ind. Name)

Ngiam May Ling

Designation

Company Secretary

Description (Please provide a detailed description of the event in the box below)

Please see attached.

Attachments

[Asiaphos%20-%20Rental%20and%20Cooperation%20Supplementary%20Agreement_28Nov2019.pdf](#)

Total size = 145K MB

ENTRY INTO RENTAL AND COOPERATION SUPPLEMENTARY AGREEMENT WITH LIANYUNGANG ZEXIN FOOD INGREDIENTS CO., LTD, ON EXTENDING THE LEASE PERIOD OF STPP PLANT

1. INTRODUCTION

The board of directors (the “**Board**”) of Asiaphos Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcement dated 11 April 2019, i.e. entering into a rental and cooperation agreement (the “**Supplementary Agreement**”) to rent out its STPP Production and Storage and ancillary Facilities to Lianyungang Zexin Food Ingredients Co., Ltd (“**Tenant**”).

On 26 November 2019, both counterparties entered into a supplementary agreement to extend the lease period of the STPP facilities.

2. MAIN TERMS OF THE SUPPLEMENTARY RENTAL AND COOPERATION AGREEMENT

Original Rental Period: One year with effect from 18 April 2019; subsequently adjusted to commence from 8 May 2019 (i.e. the date of handover of STPP plant to the Tenant, to allow an orderly handover);

Extension Rental Period: Three Years, from 9 May 2020 to 8 May 2023 with an option to extend another three years rent upon expiry date at landlord discretion.

Base Rent: RMB 1 million per year. Base rent will be payable by the tenant for output up to 10,000 tonnes. There will be no refund of the base rent unless the agreement is terminated prematurely.

Additional Rent: RMB 90 per tonne. Additional rent will be charged whenever monthly output exceeds 830 tonnes per month, or for output in excess of 10,000 tonnes (annual output).

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

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

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

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

During the lease period, if the Group decides to sell the STPP facilities, the Tenant would be given priority to acquire these STPP facilities. The indicative price for a potential sale of the STPP plant in the signed agreement is RMB 8million (albeit the final price will be mutually agreed by both parties, in the event that the Group decides to sell the STPP plant, subject to satisfactory completion of the usual corporate governance processes and regulatory approvals, such as shareholder approval at an extraordinary general meeting ‘EGM’ if required.)



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

As of the date of this announcement, the STPP plant is fully impaired. The Group will continue to review the appropriate carrying value of the asset. Barring unforeseen circumstances, the financial impact on profits and cash flow will be positive. Given the extension period covers the 3-year period from May 2020 to May 2023, no significant financial impact is expected for the financial year ending 31 December 2019.

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

Save as disclosed above, all other terms and conditions will remain the same as under the original Rental and Cooperation Agreement, per the 11 April 2019 announcement.

3. FURTHER ANNOUNCEMENTS

The Company will make such further announcements at the appropriate juncture, as and when there are material developments in relation to the above matters.

Shareholders and potential investors should exercise caution when trading in the Company's shares. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the supplemental rental and cooperation agreement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

BY ORDER OF THE BOARD

Dr Ong Hian Eng
Executive Director
AsiaPhos Limited

28 November 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("Exchange"). The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.



ASIAPHOS

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