
LOAN CAPITALISATION AND CAPITAL REDUCTION OF SUBSIDIARY

1. The Board of Directors (the “**Board**”) of Asiaphos Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce the following:

(a) **CAPITALISATION OF INTERCOMPANY LOAN BALANCES DUE FROM NORWEST CHEMICALS**

The Company has increased the issued and paid-up share capital of its wholly-owned subsidiary, Norwest Chemicals Pte. Ltd. (“**Norwest Chemicals**”), from S\$34,394,847.00 to S\$40,573,847.00 by subscribing for 6,179,000 new ordinary shares in the issued and paid-up share capital of Norwest Chemicals for a consideration of S\$6,179,000, satisfied by way of capitalisation of intercompany loan balances payable by Norwest Chemicals to the Company (the “**Loan Capitalisation**”).

(b) **REDUCTION OF SHARE CAPITAL OF NORWEST CHEMICALS**

Norwest Chemicals has on 13 July 2016, initiated a capital reduction exercise pursuant to Section 78A read with Section 78B of the Companies Act (Chapter 50) of Singapore to write off accumulated losses amounting to S\$5,131,240.00 by the cancellation of its issued and paid-up share capital (“**Capital Reduction**”).

Upon the completion of the Capital Reduction, the issued and paid-up share capital of Norwest Chemicals will be reduced from S\$40,573,847.00 to S\$35,442,607.00.

The Company is undertaking the Capital Reduction to rationalise and better present the balance sheet of Norwest Chemicals to reflect more accurately the value of its underlying assets and its financial position. The Capital Reduction will also strengthen the balance sheet of Norwest Chemicals.

The Company will make the necessary announcement upon the completion of the Capital Reduction.

2. The Loan Capitalisation and Capital Reduction are not expected to have any material financial impact on the net tangible assets per share and earnings per share of the Group for the current financial year ending 31 December 2016.
3. None of the directors, substantial shareholders or controlling shareholders of the Company has any interest, directly or indirectly, in the Loan Capitalisation and the Capital Reduction (save for their shareholding interest in the Company).



BY ORDER OF THE BOARD

Simon Ong Eng Hock
Executive Director
AsiaPhos Limited

14 July 2016

*This announcement 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 Singapore Exchange Securities Trading Limited ("**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 persons for the Sponsor are Mr. Khong Choun Mun, Managing Director, Equity Capital Markets, and 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.

