

ASIAPHOS LIMITED

Company Registration No. 201200335G
(Incorporated in the Republic of Singapore)

- (1) **REDEMPTION OF THE 7,000,000 REDEEMABLE PREFERENCE SHARES IN THE CAPITAL OF ASIAPHOS RESOURCES PTE. LTD.**
 - (2) **ISSUE OF 5,725,000 REDEEMABLE PREFERENCE SHARES IN THE CAPITAL OF NORWEST CHEMICALS PTE LTD**
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1. INTRODUCTION

The board of directors (“**Board**”) of AsiaPhos Limited (“**Company**” and together with its subsidiaries, “**Group**”) wishes to announce the following which have been effected today:

- (a) the redemption of the 7,000,000 redeemable preference shares (“**2014 APR Preference Shares**”) issued by the Company’s wholly-owned subsidiary, AsiaPhos Resources Pte. Ltd. (“**APR**”), on 30 April 2014 in accordance with the terms of their issue (“**APR Redemption**”); and
- (b) the issue of 5,725,000 redeemable preference shares (“**2016 NWC Preference Shares**”) in the capital of the Company’s wholly-owned subsidiary, Norwest Chemicals Pte Ltd (“**NWC**”), at the issue price of S\$1.00 per 2016 NWC Preference Shares (“**NWC Subscription**”), to certain investors (“**NWC Investors**”).

The proceeds from the issue of the 2016 NWC Preference Shares (together with the other internal resources of the Group) were used by the Company for the purpose of the subscription of 7,110,000 new ordinary shares in the capital of APR for an issue price of S\$1.00 each, in accordance with the terms of the deed of undertaking dated 30 April 2014 entered into by the Company with APR in connection with the issuance of the 2014 APR Preference Shares. The 2014 APR Preference Shares were redeemed by APR out of proceeds from the subscription of such new ordinary shares in the capital of APR by the Company.

2. PRINCIPAL TERMS OF THE 2016 NWC PREFERENCE SHARES

Certain principal terms of the 2016 NWC Preference Shares are as follows:

- (a) Aggregate Principal Amount : S\$5,725,000 (“**Principal Amount**”)
- (b) Aggregate number of 2016 NWC Preference Shares : 5,725,000
- (c) Issue price : S\$1.00 per 2016 NWC Preference Share
- (d) Closing date : 26 January 2016 (“**Closing Date**”)
- (e) Preference dividends : The NWC Investors shall be entitled to a fixed cumulative annual gross preference dividend at the rate of 8% per annum on the issue price for each 2016 NWC Preference Share (“**Preference Dividend**”), payable semi-annually in arrears on each of the dates falling at semi-annual intervals after the Closing Date and on the

NWC Redemption Date (as defined herein).

- (f) Maturity date : 5 years from the Closing Date (“**Maturity Date**”)
- (g) NWC redemption date : The 2016 NWC Preference Shares shall be redeemed by NWC at 100% of the Principal Amount in either of the following events:
 - (i) on the Maturity Date; or
 - (ii) upon exercise by NWC of its right to redeem all (but not some only) of the 2016 NWC Preference Shares by giving all NWC Investors at least 30 days’ notice in writing (the “**Voluntary Redemption Notice**”)

(“**NWC Redemption Date**”).

Such 2016 NWC Preference Shares shall be redeemed at 100% of the Principal Amount together with an amount equivalent to the unpaid Preference Dividends (if any), payable by NWC for the period up to (but excluding) the Maturity Date or the date specified by NWC in the Voluntary Redemption Notice (as the case may be).

- (h) Ranking : The 2016 NWC Preference Shares shall rank *pari passu* and rateably without any preference among themselves, and shall carry the rights, benefits and privileges and be subject to the restrictions set out in the the NWC Subscription Agreement (as defined below), to the extent permitted by any applicable laws or regulations.
- (i) Governing law : Singapore

The Company has, in connection with the issue of the 2016 NWC Preference Shares, entered into a deed of undertaking (“**AsiaPhos Undertaking**”) with NWC today, pursuant to which the Company has given an undertaking to subscribe for such number of new shares in the capital of NWC for such aggregate consideration as may be sufficient to redeem the 2016 NWC Preference Shares on the NWC Redemption Date.

3. INFORMATION ON THE NWC INVESTORS

In connection with the issue of 2016 NWC Preference Shares, NWC has today entered into a subscription agreement (“**NWC Subscription Agreement**”) with five (5) investors (“**NWC Investors**”), whose names and holdings in 2016 NWC Preference Shares are set out in the Schedule to this announcement.

The NWC Investors comprise three (3) investors of the 2014 APR Preference Shares who have agreed to re-invest in the Group, Dr. Ong Hian Eng (“**Dr. Ong**”) and a controlling shareholder of the Company, Astute Ventures Pte. Ltd. (“**Astute Ventures**”).

Dr. Ong is the Chief Executive Officer and Executive Director of the Company and also a controlling shareholder of the Company. His daughter, Ong Bee Pheng, is a Non-Executive Director of the Company. Dr. Ong is also a director and shareholder of Fica (Pte.) Ltd. (“**Fica**”), which is a substantial shareholder of the Company. Dr. Ong holds 70% of the total number of issued shares in Fica, with the remaining 30% being held by his family members.

The shareholders of Astute Ventures are Ong Kwee Eng (a sibling of Dr. Ong), his spouse, Ng Siew Tin and his children, Ong Eng Hock Simon ("**Simon Ong**"), Ong Eng Siew Raymond ("**Raymond Ong**") and Ong Bee Kuan Melissa, each holding 20% of the total number of issued shares in Astute Ventures. Simon Ong is an Executive Director of the Company and Raymond Ong is a Non-Executive Director of the Company. Each of Ong Kwee Eng, Ng Siew Tin, Simon Ong, Raymond Ong and Ong Bee Kuan Melissa is a controlling shareholder of the Company.

Save as disclosed above, none of the NWC Investors are related to any director and/or substantial shareholder of the Company. No introduction or referral fees have been or will be paid by the Company for any introduction.

4. THE ASIAPHOS UNDERTAKING

The AsiaPhos Undertaking serves to support NWC in meeting its funding requirements for the redemption of the 2016 NWC Preference Shares.

Subscription monies payable by the Company to NWC in accordance with the AsiaPhos Undertaking for the purpose of redemption of the 2016 NWC Preference Shares, where required, is presently proposed to be funded by external funding after considering, inter alia, the internal resources of the Group, and the extent to which the Company may secure external funding on favourable terms. The Company will release further announcements on the terms and extent of the external funding (if any) in due course, and will obtain shareholders' approval for the same if required under the Listing Manual, Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**").

5. FINANCIAL EFFECTS OF THE APR REDEMPTION AND THE NWC SUBSCRIPTION

For illustrative purposes only, the financial effects of the APR Redemption and the NWC Subscription set out below were prepared based on the audited consolidated accounts of the Group for the financial year ended 31 December 2014 ("**FY2014**") and subject to the following assumptions:

- (a) the computations are purely for illustrative purposes only and do not reflect the actual financial result and financial position of the Group after the APR Redemption and the NWC Subscription;
- (b) for purposes of computing the effect of the APR Redemption and the allotment and issue of 2016 NWC Preference Shares on the net tangible asset ("**NTA**") per ordinary share in the capital of the Company ("**Share**") and net gearing of the Group, it is assumed the APR Redemption and the allotment and issue of 2016 NWC Preference Shares had been completed on 31 December 2014; and
- (c) for purposes of computing the effect of the APR Redemption and the NWC Subscription on the earnings per Share, it is assumed that the APR Redemption and the allotment and issue of 2016 NWC Preference Shares had been completed on 1 January 2014; and
- (d) there were no significant expenses incurred and fair value changes in relation to the APR Redemption and the NWC Subscription.

5.1 Issued Share Capital

The APR Redemption and the allotment and issue of the 2016 NWC Preference Shares pursuant to the NWC Subscription has no impact on the issued share capital of the Company.

5.2 NTA

	Before the APR Redemption and the NWC Subscription	After the APR Redemption and the NWC Subscription
NTA as at 31 December 2014 (S\$'000)	71,992	73,776
Number of Shares as of the date of this announcement	901,319,000	901,319,000
NTA per Share (Singapore cents)	7.99	8.19

5.3 Earnings per Share

	Before the APR Redemption and the NWC Subscription	After the APR Redemption and the NWC Subscription
Earnings attributable to Shareholders for FY2014 (S\$'000)	19,498	20,824
Number of Shares as of the date of this announcement	901,319,000	901,319,000
Basic Earnings per Share (Singapore cents)	2.16	2.31

5.4 Net Gearing⁽¹⁾

	Before the APR Redemption and the NWC Subscription	After the APR Redemption and the NWC Subscription
Net debt as at 31 December 2014 (S\$'000)	18,537	16,753
Shareholders' funds as at 31 December 2014 (S\$'000) ⁽²⁾	71,992	73,776
Net gearing ratio (times)	0.205	0.185

Notes:

- (1) Net gearing ratio is defined as net debt divided by total capital plus net debt. The Group includes within net debt, bank overdraft, trade and other payables, advances from customers, interest bearing bank loans, redeemable preference shares less cash and bank balances.
- (2) Shareholders' funds refer to the aggregate amount of the Group's share capital and reserves.

6. INTERESTED PERSON TRANSACTION

For the purpose of Chapter 9 of the Catalist Rules, as Dr. Ong is a director as well as a controlling shareholder of the Company and Astute Ventures is a controlling shareholder of the Company, they are considered "interested persons", and the issue of the 2016 NWC Preference Shares to them constitutes an "interested person transaction".

Under Chapter 9 of the Catalist Rules, the dividends payable to them in respect of the 2016 NWC Preference Shares would constitute the “amount at risk” for the “interested person transaction”.

The dividend rate for the 2016 NWC Preference Shares was arrived at based on negotiations with non-related parties.

Based on the latest audited financial statements of the Group for FY2014, the NTA of the Group was approximately S\$71.99 million. The aggregate dividends payable to Dr. Ong and Astute Ventures pursuant to the terms of the NWC Subscription amount to S\$0.32 million per year, representing approximately 0.44% of the NTA of the Group, based on the audited consolidated accounts of the Group for FY2014. Assuming that the 2016 NWC Preference Shares are redeemed at the Maturity Date (and not earlier), the aggregate dividends payable over five (5) years to Dr. Ong and Astute Ventures amount to S\$1.60 million, representing approximately 2.2% of the NTA of the Group, based on the audited consolidated accounts of the Group for FY2014.

As the aggregate dividends payable to Dr. Ong and Astute Ventures do not exceed 5% of the NTA of the Group, the Company is not required to seek shareholders’ approval in respect of the above.

The Audit Committee of the Company, having reviewed the terms of the NWC Subscription, is of the view that the payment of dividends to Dr. Ong and Astute Ventures in respect of the 2016 NWC Preference Shares held by them is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

There were no other “interested person transactions” entered into with Dr. Ong, Astute Ventures or their respective associates for the financial year ended 31 December 2015. As at the date of this announcement, there are no other “interested person transactions” entered into with Dr. Ong, Astute Ventures or their respective associates for the financial year ending 31 December 2016.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed above and save for their interests arising by way of their shareholdings in the Company and/or directorships in the Group, as the case may be, none of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the NWC Subscription.

8. DOCUMENTS FOR INSPECTION

Copies of the NWC Subscription Agreement and AsiaPhos Undertaking are available for inspection during normal business hours at the registered office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 for a period of three (3) months commencing from the date of this announcement.

BY ORDER OF THE BOARD

Simon Ong Eng Hock
Executive Director
ASIAPHOS LIMITED

26 January 2016

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

This announcement has not been examined or approved by 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 Khong Choun Mun, Managing Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.

SCHEDULE

Particulars of the NWC Investors

	Name of NWC Investor	Number of 2016 NWC Preference Shares
1.	Ong Chu Poh	287,500
2.	Teo Kek Tjok @ Teo Kek Yeng	287,500
3.	Yi Prime Pte. Ltd.	1,150,000
4.	Dr. Ong Hian Eng	2,000,000
5.	Astute Ventures Pte. Ltd.	2,000,000
	Total:	5,725,000