
**INCORPORATION OF WHOLLY-OWNED SUBSIDIARY, SUBSCRIPTION FOR 12.5%
 CONVERTIBLE LOAN NOTES DUE 2016 WITH A PRINCIPAL VALUE OF BETWEEN S\$10 TO
 S\$15 MILLION AND EXECUTION OF PUT AND CALL OPTION AGREEMENT**

*Capitalised terms used herein shall, unless otherwise defined, have the definitions ascribed to them in the offer document dated 25 September 2013 registered by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) acting as agent on behalf of the Monetary Authority of Singapore on 25 September 2013 (the “**Offer Document**”).*

1. INTRODUCTION

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

- (a) the Company incorporated AsiaPhos Resources Pte. Ltd. (“**APR**”) on 16 April 2014 as a wholly-owned subsidiary in Singapore with an issued and paid-up share capital of S\$2.00 comprising 2 ordinary shares at S\$1.00 each. The principal activity of APR is investment holding;
- (b) APR entered into a subscription agreement on 17 April 2014 (the “**Notes Subscription Agreement**”) with LY Resources Pte. Ltd. (“**LYR**”) and Mr. Luo Yong (罗勇) (“**Mr. Luo**”) pursuant to which LYR proposes to issue, and APR has agreed to subscribe for, 12.5% convertible loan notes due October 2016 with a principal value of between S\$10 to S\$15 million (the “**Notes**”) (the “**Notes Subscription**”), which are convertible into ordinary shares in the capital of LYR (“**LYR Shares**”); and
- (c) the Company entered into a conditional put and call option agreement on 17 April 2014 (the “**Option Agreement**”) with Mr. Luo, pursuant to which (i) the Company has been granted a call option to require Mr. Luo to sell, and procure the sale of, all the LYR Shares (“**Call Option**”), and (ii) Mr. Luo has been granted a put option to require the Company to purchase all (but not some only) of the LYR Shares (“**Put Option**”) (the Call Option and the Put Option collectively, the “**Options**” and each, an “**Option**”).

As a condition precedent to the Notes Subscription, Mr. Luo, Dashan (defined below), FengTai (defined below) and LYR are required to enter into a restructuring memorandum with APR pursuant to which they will agree to use their respective best endeavours to undertake and complete various aspects of the Dashan Reorganisation (defined below) and the FengTai Restructuring (defined below) (the “**Restructuring Memorandum**”), as elaborated further below.

2. **RATIONALE**

LYR is intended to be a special purpose holding company which, upon completion of the Dashan Reorganisation and the FengTai Restructuring, will hold (1) economic benefits of the Dashan Arrangement which presently accrue to Dashan (defined below) and (2) a 55% equity interest in FengTai (defined below), which owns the FengTai Licence (defined below) – an exploration licence (Serial No.T51120080403005349) for barite rocks (重晶石) in respect of a land area of approximately 17.91 square kilometres situated in the proximity of the Mines operated by the Group.

Upon completion of the Dashan Reorganisation and the FengTai Restructuring, as well as the satisfaction of the conditions prescribed in the Option Agreement, the Company intends to acquire and/or consolidate shareholding rights in LYR (through the conversion of the Notes and/or the exercise of the Call Option) as this will allow the Group to acquire the economic benefits of the Dashan Arrangement presently accruing to Dashan, and benefit from ownership and/or control over FengTai (and correspondingly, the FengTai Licence). The Company believes that there may be phosphate and other valuable deposits present in the land area covered by the FengTai Licence, given the geographical proximity of such land area to the Mines, and intends to extend the Group's exploration and mining operations to such land area to the extent permitted under the applicable PRC laws and/or regulations. To this end, Mr. Luo will be obliged to, under the Restructuring Memorandum, enter into a service agreement to procure, *inter alia*, the expansion of the scope of the FengTai Licence to include exploration and mining of phosphate rocks.

The Company expects that the Group will be able to capitalise on the FengTai Licence to expand the effective land area where the Group has mining or mining and exploration rights, and also expects to achieve savings on cost and capital expenditure, and benefit from economies of scale and operational synergies which has the potential to improve the Group's operational and financial performance over time. The enhanced size of the post-restructured business and operations of the Group may also improve the Group's ability to raise capital in the future, as well as potentially improve the terms on which such capital may be raised.

The acquisition and/or consolidation of shareholding rights in LYR will be subject to the results of the due diligence investigation on LYR and its subsidiaries (the "**LYR Group**") (which includes FengTai upon completion of the Dashan Reorganisation and the FengTai Restructuring) being satisfactory to the Group, such investigation to include a review of the independent geological surveys conducted on the land area covered by the FengTai Licence by WGM or such other qualified person appointed by the Company.

3. **DASHAN REORGANISATION**

As described in the Offer Document, between 2006 and 2008, Dashan Co-operation Agreements were entered into between Mianzhu Norwest (a PRC wholly-owned subsidiary of the Company, that is directly held by the Company's subsidiary, Norwest Chemicals) and 绵竹市大山矿业有限责任公司 (Mianzhu Dashan Mining Co., Ltd) ("**Dashan**"), a company incorporated in the PRC. Mr. Luo holds a 50% equity interest in Dashan, the remaining 50% of which is held by an immediate family member of Mr. Luo.

The Dashan Arrangement involves, *inter alia*, joint mining operations within specified areas, and apportionment of profits and losses, as the case may be, between Mianzhu Norwest and Dashan for three (3) of the existing seven (7) adits owned by the Group. The apportionment for two (2) out of the three (3) adits is on a 20:80 basis between Mianzhu Norwest and Dashan respectively; and the apportionment for the last adit is on a 50:50 basis.

Profits accruing in favour of, and payable by Mianzhu Norwest to, Dashan under the Dashan Arrangement are recognised by the Group as costs of production, and such costs of production will accordingly increase as the Group increases production from the adits covered under the Dashan Arrangement. For the financial year ended 31 December 2013, profits accrued, and paid, to Dashan amounts to approximately RMB 3.6 million. The Group expects to enjoy reduced costs of production and, correspondingly, higher gross margins if it acquires the economic benefits accruing to Dashan under the Dashan Arrangement.

The reorganisation of the Dashan Co-operation Agreements (the “**Dashan Reorganisation**”) involves the execution of a number of agreements to effect, *inter alia*, the novation and transfer of rights and obligations under the Dashan Co-operation Agreements from Dashan to a wholly foreign-owned enterprise of LYR (to be incorporated) (“**WFOE1**”), as well as a novation and transfer of an existing advance of RMB 10 million payable to Mianzhu Norwest by Dashan (the “**Dashan Advance**”), to LYR. The Dashan Advance shall be convertible, at the option of Mianzhu Norwest, into LYR Shares (which may be issued to the Company at the direction of Mianzhu Norwest).

On completion of the Dashan Reorganisation, the Group will have limited contractual relations and/or dealings with Dashan, such relations and/or dealings consisting only of subsisting mining labour contracts.

4. **FENGTAI RESTRUCTURING**

德阳市峰泰矿业有限责任公司 (Deyang Fengtai Mining Co., Ltd.) (“**FengTai**”) is a company incorporated in the PRC which has a registered business activity of trading of mining products and 55% owned by Mr. Luo. The remaining 45% equity interest in FengTai is held by two (2) other PRC nationals, who are not related to the directors or controlling shareholders of the Group or their respective associates.

FengTai has been granted an exploration licence of a tenure of 2 years ending 12 December 2015 for the exploration of barite rocks (重晶石) in respect of a land area of approximately 17.91 square kilometres situated in Mianzhu City, Sichuan Province, the PRC (the “**FengTai Licence**”) in the proximity of the Mines operated by the Group.

The restructuring in relation to FengTai (the “**FengTai Restructuring**”) involves, *inter alia*, the acquisition of Mr. Luo’s 55% equity interest in FengTai (the “**FengTai Interest**”) by LYR (through an intermediate holding company). FengTai is also envisaged to, pursuant to the Restructuring Memorandum, enter into an agreement with Mianzhu Norwest where Mianzhu Norwest shall have the right of first refusal to acquire any or all mineral deposits and rocks mined, obtained and/or extracted from the land area covered under the FengTai Licence, at a price representing a 20% discount to the market prices prevailing at the relevant time (as reasonably determined by FengTai and Mianzhu Norwest).

Upon completion of the FengTai Restructuring, LYR shall hold (indirectly) FengTai Interest, and the LYR Loan (defined below) shall be set-off against the purchase consideration paid to Mr. Luo for the transfer of FengTai Interest.

All information in this Announcement relating to Mr. Luo, the LYR Group, Dashan, the FengTai Licence and FengTai Interest has been provided by Mr. Luo, and is subject to, *inter alia*, further verification by the Company.

5. **PRINCIPAL TERMS OF THE NOTES SUBSCRIPTION AGREEMENT**

The corporate structure of the Group and LYR Group (upon completion of the Dashan Reorganisation and the FengTai Restructuring) is set out in **Schedule 1** to this Announcement.

(a) Notes Subscription

Pursuant to the terms of the Notes Subscription Agreement, APR has agreed to subscribe for, and LYR has agreed to allot and issue, the Notes on 30 April 2014, or such other date as may be agreed by APR, Mr. Luo and LYR in writing (the "**Closing Date**"). APR shall notify LYR of the actual principal amount of Notes that it intends to subscribe for on or prior to the date falling three (3) business days prior to the Closing Date.

The proceeds from the Notes Subscription shall be held in a joint account ("**Joint Account**") opened in the name of LYR and operated jointly by authorised representatives of both APR and LYR, and will be released to LYR in stages, upon the achievement of certain milestones described in the terms and conditions of the Notes and the Restructuring Memorandum.

(b) Advance

APR has agreed, at the request of LYR, to provide an advance of up to S\$4.0 million to LYR to be paid into the Joint Account (the "**Advance**") on or around 18 April 2014. The Advance shall be applied against the subscription monies due and payable for the Notes on the Closing Date, and shall constitute part of the proceeds from the Notes Subscription. The Advance shall be refunded to APR if the Notes Subscription Agreement is terminated or rescinded for any reason prior to the Closing Date.

(c) Security Arrangements

In connection with the Notes Subscription, Mr. Luo is obliged to grant, in favour of APR, (i) a first fixed charge over all present and future LYR Shares owned and/or controlled by him, (ii) a first fixed charge over his 50% equity interest in Dashan, and (iii) a first fixed charge over the FengTai Interest (collectively, the "**Share Charges**"), (ii).

Furthermore, pursuant to the Restructuring Memorandum, Mr. Luo will be obliged to procure WFOE1 to enter into an agreement with Mianzhu Norwest pursuant to which Mianzhu Norwest shall be entitled to retain any and all amounts payable to WFOE1 under the Dashan Co-operation Agreements (as novated to WFOE1) so long as the Notes are outstanding, and may apply such retained amounts against any indebtedness for interest due but unpaid by LYR to APR under the Notes.

(d) Conditions Precedent

The respective rights and obligations of LYR and APR under the Notes Subscription Agreement are conditional upon the fulfilment (or waiver at the discretion of APR) of customary conditions precedent, as well as the following:

- (i) the due execution of the Share Charges;
- (ii) the due execution of the Option Agreement;
- (iii) the due execution of a deed to be entered into between other shareholders of APR (if any) and Mr. Luo, relating to, *inter alia*, the transfer of LYR Shares;
- (iv) the due execution of the Restructuring Memorandum by each of LYR and Mr. Luo; and
- (v) the results of the financial and legal due diligence by APR on the LYR Group being satisfactory to APR.

(e) Terms and Conditions of the Notes

The principal terms and conditions of the Notes, including the Maturity Date, interest payable, and the redemption and conversion of the Notes, are set out in **Schedule 2** to this Announcement.

6. FUNDING FOR THE SUBSCRIPTION FOR THE NOTES

The subscription monies payable for the subscription of the Notes is proposed to be funded by a combination of internal resources of the Group and external funding. The Company is presently exploring the possibility of securing such external funding from third-party investors in the form of equity or debt arrangements involving the Company and/or APR, and will release further announcements on the same in due course.

7. PRINCIPAL TERMS OF THE OPTION AGREEMENT

(a) Option Sale Shares

The Options relate to LYR Shares held by Mr. Luo and such other LYR Shares held by third-parties (if any) (collectively, "**Option Sale Shares**") at the Relevant Date (defined in the Option Agreement to be five (5) business days prior to the completion of the transfer of LYR Shares pursuant to the exercise of an Option).

(b) Exercise Period and Conditions

An Option may be exercised at any time after the date of the Option Agreement if the following conditions ("**Exercise Conditions**") are satisfied:

- (i) the professional independent valuation of the LYR Group being not less than RMB250,000,000 (approximately S\$51,124,744, based on an exchange rate agreed between the Company and Mr. Luo); and
- (ii) completion of the matters enumerated in the Restructuring Memorandum which are within the respective powers of Mr. Luo, Dashan, FengTai and LYR.

If the aforesaid Exercise Conditions have not been satisfied (or waived in the discretion of the Company) before 5.00 p.m. on the date falling 30 months from the Closing Date (the “**Maturity Date**”) (or such other date as the Company and Mr. Luo may agree in writing) the Company shall be entitled to, at any time after the Maturity Date, serve a written notice on Mr. Luo to terminate the Option Agreement, following which neither the Company nor Mr. Luo shall have any claim against each other under the Option Agreement except in relation to any breach occurring before the date of such written notice.

The Maturity Date has been agreed to by the Company and Mr. Luo taking into account the time period, as agreed by the Company and Mr. Luo to be reasonable, that will be required to effect and complete the Dashan Reorganisation and the FengTai Restructuring.

(c) Completion Conditions

The completion of the transfer of LYR Shares pursuant to the exercise of any Option is further subject to customary completion conditions (the “**Completion Conditions**”), such as:

- (i) the receipt by the Company of such approvals, consents, licences, permits, waivers and/or exemptions deemed necessary or desirable by the Company for the completion of the sale and purchase of the LYR Shares; and
- (ii) (only in respect of the exercise of the Put Option) the results of the financial and legal due diligence investigation by the Company on the LYR Group being satisfactory to the Company in its sole discretion.

If the aforesaid Completion Conditions have not been satisfied (or waived) before 5.00 p.m. on the date falling six (6) months after the exercise of an Option (or such other date as the Company and Mr. Luo may agree in writing) (“**Completion Longstop Date**”), the Company shall be entitled to, at any time after the Completion Longstop Date, serve a written notice to Mr. Luo to terminate the Option Agreement, following which neither the Company nor Mr. Luo shall have any claim against each other under the Option Agreement except in relation to any breach occurring before the date of such written notice.

(d) Option Consideration

The consideration payable by the Company (“**Option Consideration**”) for each Option Sale Share shall be derived based on the following formula:

$$\text{Option Consideration} = \frac{V}{S}$$

Where:

V : RMB 250,000,000; and

S : the aggregate number of LYR Shares as at the Relevant Date.

The aggregate Option Consideration payable by the Company shall be satisfied and paid by the issuance of new ordinary shares in the capital of the Company ("**AP Consideration Shares**"). The issue price of each AP Consideration Share ("**Issue Price**") shall be determined by the Company based on the weighted average price of the Company's shares for the 30 business days prior to the date of the exercise of the Option concerned ("**WAP**"), provided always that:

- (i) the issue price of each AP Consideration Share shall be between S\$0.25 and S\$0.30, both amounts inclusive; and
- (ii) if the WAP is less than S\$0.25, the issue price of each AP Consideration Share shall be S\$0.25; and if the WAP is greater than S\$0.30, the issue price of each AP Consideration Share shall be S\$0.30.

The range of the Issue Price for each AP Consideration Share (between S\$0.25 and S\$0.30, both amounts inclusive) represents a premium of between 45.3% to 74.4% to the weighted average price of S\$0.172 for each AP Consideration Share, based on trades done on the Catalist Board of the SGX-ST for the full market day on 17 April 2014, being the full market day on which the Option Agreement was entered into. If, upon exercise of an Option, the Issue Price for each AP Consideration Share to be determined in accordance with the terms of the Option Agreement exceeds the 10% discount limit as stated in Rule 811(1) of the Listing Manual Section B: Rules of Catalist ("**Listing Manual**"), the Company shall seek specific approval from shareholders of the Company at an extraordinary general meeting of the Company, to be held in accordance with the provisions of Rule 811(3) of the Listing Manual.

In case an extraordinary general meeting is not held pursuant to Rule 811(3) of the Listing Manual, the Company intends to rely on the share issue mandate to be obtained, subject to shareholders' approval, at the forthcoming annual general meeting of the Company to be convened on 30 April 2014, for the issuance of the AP Consideration Shares.

The Company will make further announcements in the event that such shareholders' approval is required for the issue of AP Consideration Shares (in relation to Rule 811(3) of the Listing Manual or otherwise).

(e) Option Consideration

AP Shares allotted and issued to Mr. Luo shall be subject to a moratorium period of 12 months from the date of the issue and allotment of such AP Shares.

8. FINANCIAL EFFECTS OF THE NOTES SUBSCRIPTION

For illustrative purposes only, based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2013 (“**FY2013**”), the financial effects of the Notes Subscription are estimated as follows, on the assumption that:

(a) APR subscribes for Notes with a principal value of S\$10 million:

(i) **NTA**

Assuming that the Notes Subscription had been completed on 31 December 2013, and that there were no significant expenses relating to the Notes Subscription, the effect of the Notes Subscription on the net tangible assets (“**NTA**”) of the Group as at 31 December 2013 would have been:

	As at 31 December 2013	As at 31 December 2013 after adjusting for the Notes Subscription
NTA (S\$'000)	51,168	51,168
Number of shares	800,000,000	800,000,000
NTA per share (S\$ cents)	6.40	6.40

(ii) **Earnings**

Assuming that the Notes Subscription was completed on 1 January 2013 and APR earned \$1.25 million of interest income in FY2013, the effect of the Notes Subscription on the earnings per share of the Group for FY2013 would have been:

	FY2013	FY2013 after adjusting for the Notes Subscription
(Loss) attributable to shareholders (S\$'000)	(3,667)	(2,499) ⁽¹⁾
Number of shares	800,000,000	800,000,000
EPS (S\$ cents)	(0.46)	(0.31)

Note:

(1) Loss attributable to shareholders is derived after taking into consideration the interest to be earned and the related tax expenses, but not the amortisation of the loan receivables and the fair value of the adjusted derivative assets, if any. It also does not take into account finance costs that may arise from external funding of the Notes Subscription.

(b) APR subscribes for Notes with a principal value of S\$15 million:

(i) **NTA**

Assuming that the Notes Subscription had been completed on 31 December 2013, and that there were no significant expenses relating to the Notes Subscription, the effect of the Notes Subscription on the NTA of the Group as at 31 December 2013 would have been:

	As at 31 December 2013	As at 31 December 2013 after adjusting for the Notes Subscription
NTA (S\$'000)	51,168	51,168
Number of shares	800,000,000	800,000,000
NTA per share (S\$ cents)	6.40	6.40

(ii) **Earnings**

Assuming that the Notes Subscription was completed on 1 January 2013 and APR earned \$1.88 million of interest income in FY2013, the effect of the Notes Subscription on the earnings per share of the Group for FY2013 would have been:

	FY2013	FY2013 after adjusting for the Notes Subscription
(Loss) attributable to shareholders (S\$'000)	(3,667)	(1,980) ⁽¹⁾
Number of shares	800,000,000	800,000,000
EPS (S\$ cents)	(0.46)	(0.25)

Note:

- (1) Loss attributable to shareholders is derived after taking into consideration the interest to be earned and the related tax expenses, but not the amortisation of the loan receivables and the fair value of the adjusted derivative assets, if any. It also does not take into account finance costs that may arise from external funding of the Notes Subscription.

It should be noted that the above-mentioned financial effects have been calculated for illustrative purposes only.

The Company will make further announcements in the event that the Company secures external funding for the Notes as such external funding will affect the illustrative financial effects presented above.

9. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE LISTING MANUAL

The Company is of the view that the Notes Subscription and the transactions contemplated under the Restructuring Memorandum (relating to the Dashan Reorganisation and the FengTai Restructuring) are in, or are in connection with, the ordinary course of business of the Group.

Notwithstanding the above, the Company wishes to present the relative figures for the Notes Subscription computed on the relevant bases set out in Rule 1006 of the Listing Manual for the benefit of shareholders and in the interests of disclosure:

<u>Bases of calculation</u>	<u>Size of relative figures (%)</u>
Rule 1006(a) The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable, as the transactions contemplated do not involve a disposal of assets.
Rule 1006(b) The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	Not meaningful ⁽¹⁾ .
Rule 1006(c) The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares	10.7% ⁽²⁾
Rule 1006(d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable, as the transactions contemplated do not involve an issue of equity securities by the Company.
Rule 1006(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable, as the transactions contemplated do not involve a disposal of assets.

Notes:

- (1) Under Rule 1002(3)(b), net profits means profits or loss before income tax, minority interests and extraordinary items. On the assumption that APR subscribes for Notes with a principal value of S\$15 million, the net profits attributable to such Notes will be S\$1.7 million. However, as the Group recorded net losses of approximately S\$3.7 million for FY2013, this base under Rule 1006(b) is not meaningful.

- (2) Based on the maximum subscription monies of S\$15 million payable by the Group for the Notes Subscription. The market capitalisation of the Company is determined by multiplying the Company's total number of issued shares of 800 million by S\$0.1749, being the volume weighted average share price of the Company's shares on 16 April 2014, being the market day preceding the date of the Notes Subscription Agreement.

The relative figures computed on the relevant bases set out in Rule 1006 of the Listing Manual in relation to the possible acquisition and/or consolidation of shareholding rights in LYR (upon conversion of the Notes and the Dashan Advance, and/or the exercise of an Option) will be announced separately in due course pending, *inter alia*, the due diligence investigation on the LYR Group.

10. SERVICE AGREEMENTS

No person will be appointed to the Board in connection with the Notes Subscription and no service contracts in relation thereto will be entered into by the Company.

11. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect, in the Notes Subscription, save for their interests arising by way of their shareholdings and/or directorships, as the case may be, in the Company.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of (a) the Notes Subscription Agreement and (b) the Option Agreement will be made available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of this Announcement.

13. CAUTION IN TRADING

Shareholders are advised to exercise caution when trading in the Company's shares.

The possible acquisition of LYR Shares (through the exercise of an Option and/or the conversion of Notes) is conditional upon numerous conditions, including the results of the financial and legal due diligence investigation on the LYR Group being satisfactory to the Company. There is no certainty or assurance as at the date of this Announcement whether APR will elect to convert the Notes, whether an Option will be exercised (whether by APR or Mr. Luo), and if exercised, whether such acquisition will complete.

The Company will make further announcements as and when there are material updates on the foregoing, in compliance with the rules of the Listing Manual), and will seek the approval of shareholders, if required under the Listing Manual, for the exercise of an Option, the completion of an acquisition of LYR Shares pursuant to the exercise of an Option and/or the conversion of Notes which will result in APR acquiring LYR Shares.

Shareholders and potential investors are advised to read this Announcement and any further announcements by the Company carefully. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

BY ORDER OF THE BOARD

Simon Ong Eng Hock
Executive Director
AsiaPhos Limited

22 April 2014

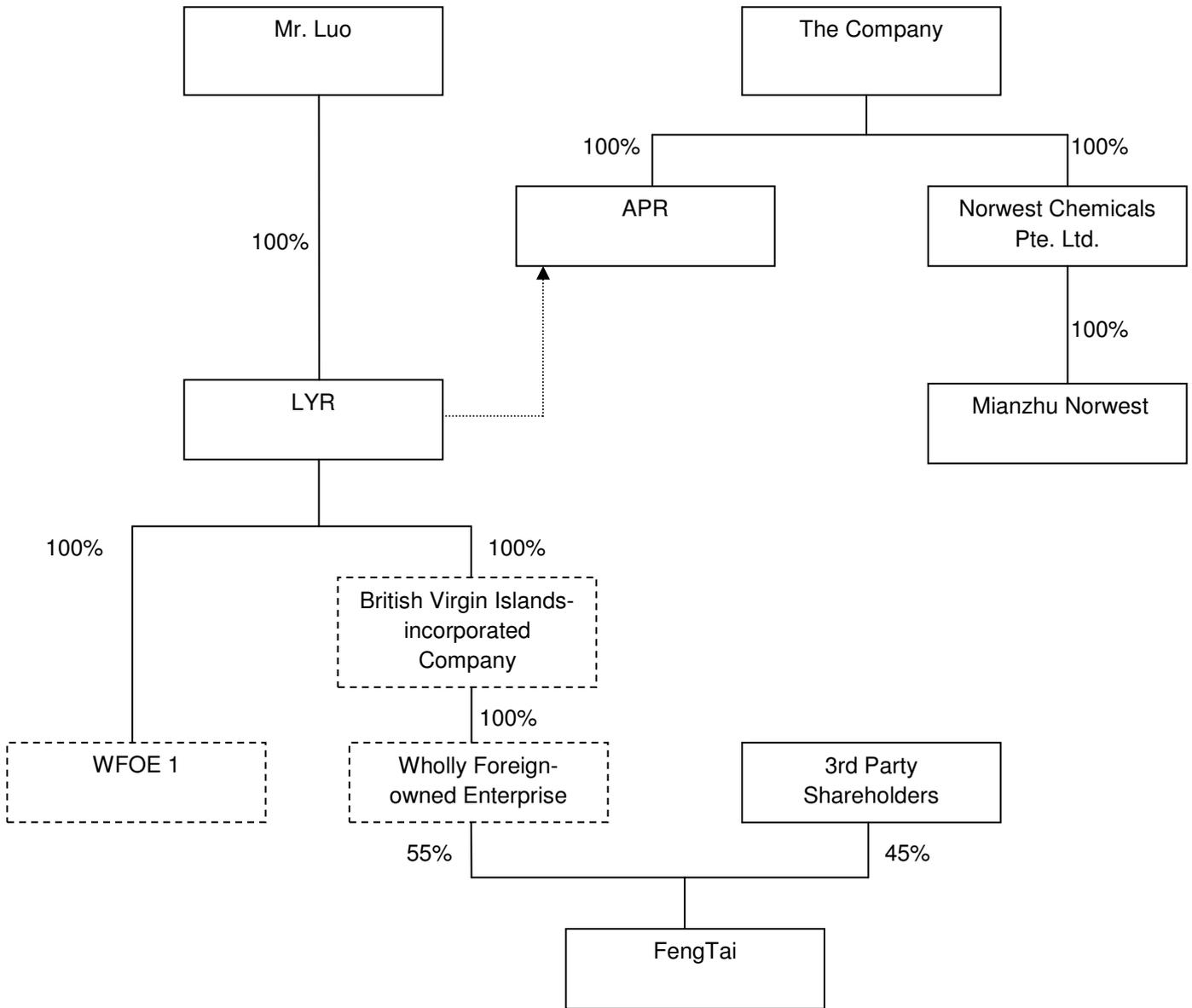
*This Announcement was prepared by the Company and the contents were reviewed by the Company's sponsor, United Overseas Bank Limited (the "**Sponsor**"), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this Announcement.*

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, Corporate Finance and Mr Low Han Keat, Senior Director, Corporate Finance, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, Telephone: +65 6539 1177.

Schedule 1

Corporate Structure of the Group and LYR Group upon completion of the Dashan Reorganisation and the FengTai Restructuring



Interpretation Key:

- Yet to be incorporated
- > Issue of the Notes pursuant to the Notes Subscription Agreement

Schedule 2

Principal terms and conditions of the Notes

- Principal amount : Between S\$10 to S\$15 million
- Interest : 12.5% per annum from, and including, the Closing Date, of which:
- (a) interest of 10.0% per annum (the “**Cash Interest**”) shall be paid by LYR to the persons in whose name the Notes are registered in the Register of Noteholder(s) (the “**Noteholder(s)**”) on each anniversary of the Closing Date prior to the Maturity Date (each an “**Interest Payment Date**”); and
 - (b) interest of 2.5% per annum (the “**Deferred Interest**”) shall accrue and be paid to the Noteholder(s).
- Maturity date : 30 months from the Closing Date (the “**Maturity Date**”)
- Redemption : The outstanding Notes shall be redeemed by LYR on the Maturity Date at 100% of the principal amount together with:
- (a) Cash Interest for the period commencing from (and including) the last Interest Payment Date up to (but excluding) the Maturity Date; and
 - (b) Deferred Interest for the period commencing from (and including) the Closing Date up to (but excluding) the Maturity Date.
- Mandatory Early Redemption : The outstanding Notes shall be redeemed by LYR on the Mandatory Redemption Date at 115% of the principal amount together with:
- (a) Cash Interest for the period commencing from (and including) the last Interest Payment Date up to (but excluding) the Mandatory Redemption Date (defined below); and
 - (b) Deferred Interest for the period commencing from (and including) the Closing Date up to (but excluding) the Mandatory Redemption Date,
- on a date falling 20 business days following the date of the written notice given by any Noteholder to LYR notifying LYR of the occurrence of an event of default (the “**Mandatory Redemption Date**”).

Voluntary Early Redemption : LYR shall have the right to redeem, in full or in part, the outstanding Notes by giving the Noteholder(s) at least 30 days' notice in writing (the "**Voluntary Redemption Notice**"), and such outstanding Notes shall be redeemed at 115% of the principal amount together with:

- (a) Cash Interest for the period commencing from (and including) the last Interest Payment Date up to (but excluding) the Voluntary Redemption Date; and
- (b) Deferred Interest for the period commencing from (and including) the Closing Date up to (but excluding) the Voluntary Redemption Date,

on such date as may be specified by LYR in the Voluntary Redemption Notice (the "**Voluntary Redemption Date**").

Conversion : At any time up to and including the Maturity Date, each Noteholder shall have the right to convert all of its outstanding Notes into duly authorised, validly issued, fully-paid and unencumbered LYR Shares ("**Conversion Shares**").

Each Noteholder shall be entitled to receive such number of Conversion Shares which shall give him the following percentage equity interest in LYR:

$$\text{percentage equity interest} = \left[\frac{P + I}{0.65} \right] \text{ divided by } \left[\frac{250,000,000}{4.89} \right] \times 100\%$$

Where:

- P : the principal amount of such Noteholder's Notes (in SGD)
- I : the accrued and unpaid interest on such Notes (both Cash Interest and Deferred Interest) due and payable as at the Conversion Date (in SGD)