

ASIAPHOS LIMITED(the "**Company**")

Company Registration Number: 201200335G

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- (1) **COMPLETION OF NOTES SUBSCRIPTION.**
 - (2) **ISSUE OF 7.0 MILLION REDEEMABLE PREFERENCE SHARES ("**RPS**") BY ASIAPHOS RESOURCES PTE. LTD. ("**APR**"), A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY.**
 - (3) **EXECUTION OF RPS SUBSCRIPTION UNDERTAKING (DEFINED BELOW).**
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*Capitalised terms used herein shall, unless otherwise defined, have the definitions ascribed to them in the Company's announcement dated 22 April 2014 relating to, inter alia, the subscription for 12.5% convertible loan notes due October 2016 with a principal value of between S\$10 million to S\$15 million (the "**First Announcement**").*

1. INTRODUCTION

Further to the First Announcement, the Board wishes to announce that:

- (a) APR has entered into a subscription agreement dated 30 April 2014 (the "**RPS Subscription Agreement**") with 17 investors (the "**Investors**"), pursuant to which APR proposes to issue, and the Investors have agreed to subscribe for, an aggregate of 7.0 million RPS at the issue price of S\$1.00 per RPS (the "**RPS Subscription**"); and
- (b) the Company has, in connection with the RPS Subscription, entered into a deed of undertaking dated 30 April 2014 with APR (the "**RPS Undertaking**"), pursuant to which the Company has given an undertaking to subscribe for such number of new shares in the capital of APR ("**APR Shares**") for such aggregate consideration as may be sufficient to redeem the RPS held by the Investors at the Redemption Date (as defined in the RPS Subscription Agreement).

The Board also wishes to announce that both the Notes Subscription (for Notes with a principal value of S\$15 million) and the RPS Subscription have completed today. LYR has, accordingly, issued Notes with a principal value of S\$15 million to APR; and APR has issued and allotted an aggregate of 7.0 million RPS at the issue price of S\$1.00 per RPS to the Investors today.

The aggregate proceeds of S\$7.0 million from the RPS Subscription was used to fund approximately 46.7% of the subscription monies paid by APR for the Notes Subscription; and the remaining subscription monies of S\$8.0 million paid by APR for the Notes Subscription was funded by internal resources of the Group.

2. THE INVESTORS

The Investors, whose names and RPS holdings are set out in Schedule 1 to this announcement, are private investors who intend to subscribe for their respective RPS for investment purposes. Five (5) of the Investors, namely, Heng Kheng Long, Kiong James, Lee Soo Hian James, Ong Chu Poh and Tan Tin Yeow, were shareholders of the Company prior

to the Company's initial public offering, and continue to be shareholders of the Company as at the date of this announcement. The other Investors were introduced to the Company through mutual business associates. None of the 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 such introductions.

The Investors have represented and warranted, *inter alia*, that each of them has not been, is not, and will not be on the RPS Completion Date (as defined below) (i) within the categories of persons and/or entities listed in Rule 812(1) of the Listing Manual with respect to the Company; and/or (ii) an Interested Person (as defined in the Listing Manual) with respect to the Company.

3. **PRINCIPAL TERMS OF THE RPS**

The principal terms of the RPS are set out in Schedule 2 to this announcement. The RPS rank *pari passu* and rateably without any preference among themselves.

4. **THE RPS UNDERTAKING**

The RPS Undertaking serves to support APR in meeting its funding requirements for the redemption of the RPS. The subscription monies received by APR shall, accordingly, be applied solely towards the redemption of the RPS. Subscription monies payable by the Company, on the other hand, is presently proposed to be funded by internal resources of the Group, comprising, *inter alia*, proceeds from the sale of phosphate rocks and P₄. The Company may, however, procure 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 rules of the Listing Manual.

5. **THE DRAG-ALONG DEED**

The terms of the RPS allow for both cash redemption and Non-Cash Redemption (defined below).

Upon the exercise of an Option, Investors will be entitled to elect for the non-cash redemption of their RPS ("**Non-Cash Redemption**"), and if they so elect, they shall receive new LYR Shares (issued to such Investors at the direction of APR upon conversion of the Notes). Investors who have elected Non-Cash Redemption will thereby become shareholders of LYR ("**LYR Investors**").

To facilitate the transfer and sale of LYR Shares held by LYR Investors (if any) to the Company, Mr. Luo and the Investors have, at the request of the Company, executed a deed dated 30 April 2014 (the "**Drag-Along Deed**") which gives Mr. Luo drag-along rights, exercisable at any time following the exercise of an Option, to require LYR Investors (if any) to sell and transfer their LYR Shares to the Company on the terms set out in the Option Agreement. Such LYR Investors (if any) will therefore receive AP Consideration Shares as consideration for their respective LYR Shares.

The Company is entitled to direct Mr. Luo to exercise the aforesaid drag-along rights under the Drag-Along Deed under the Option Agreement. The due execution of the Drag-Along Deed is a condition precedent under the Notes Subscription Agreement.

6. MAXIMUM SCENARIOS

For illustrative purposes only, following the completion of the Notes Subscription and the RPS Subscription, there will be two (2) possible maximum outcomes:

(a) **Maximum Cash Scenario**

Assuming that:

- (i) **none** of the Investors elect Non-Cash Redemption following the exercise of an Option (no AP Consideration Shares would, accordingly, be issued to any of the Investors);
- (ii) APR redeems the RPS on 15 November 2016, being the latest possible maturity date of the RPS;
- (iii) interest income from the Notes have been duly paid by LYR to APR as and when they fall due, and have been utilised by APR to pay all Preference Cash Dividends (defined below) due and payable to the Investors prior to 15 November 2016,

hereinafter referred to as the “**Maximum Cash Scenario**”, the amount of cash required by APR to redeem the RPS is approximately S\$8.84 million (comprising 115% of the Principal Amount together with accrued and unpaid Preference Cash Dividends and Preference Deferred Dividends as at 15 November 2016).

(b) **Maximum Non-Cash Scenario**

Assuming that:

- (i) **all** the Investors elect Non-Cash Redemption following the exercise of an Option;
- (ii) APR redeems the RPS on 15 November 2016, being the latest possible maturity date of the RPS, as part of the completion of the sale and transfer of LYR Shares to the Company pursuant to the exercise of an Option; and
- (iii) new AP Consideration Shares have been issued to the Investors (and Mr. Luo) pursuant to the Option Agreement and the operation of the Drag-Along Deed, and the issue price for each AP Consideration Share is S\$0.25, being the lowest possible issue price (within the agreed issue price range of S\$0.25 and S\$0.30, both amounts inclusive) which will result in the greatest number of AP Consideration Shares issued;

hereinafter referred to as the “**Maximum Non-Cash Scenario**”, the Company will be obliged to issue the maximum number of AP Consideration Shares pursuant to the exercise of an Option.

Under the Maximum Non-Cash Scenario, (a) the aggregate number of AP Consideration Shares, when issued by the Company, is 144 million shares, which represents approximately 18.0% of the issued share capital of the Company as at the date of this announcement, and will represent approximately 15.3% of the enlarged issued share capital of the Company after the issue of such AP Consideration Shares; and (b) the aggregate number of AP Consideration Shares that will be issued by the Company to Mr. Luo will be 98.2 million shares, representing approximately 10.4% of the enlarged issued share capital of the Company.

The Company intends to rely on the general share issue mandate obtained at the annual general meeting of the Company convened earlier today (the “**AGM**”) for the issue of the AP Consideration Shares. This general share issue mandate authorises the Directors to issue up to 400,000,000 shares (other than on a *pro-rata* basis to existing shareholders), being 50% of the issued and paid-up share capital of the Company as at the date of the AGM. The issued and paid-up share capital of the Company comprises 800,000,000 shares as at the date of the AGM.

The aggregate number of AP Consideration Shares issued under the Maximum Non-Cash Scenario is not expected to exceed the threshold under the aforesaid general share issue mandate.

The AP Consideration Shares, when issued by the Company, will rank *pari passu* in all respects with and carry all rights similar to the then existing shares, save that they will not rank for any dividends, rights, allotments or other distributions, the record date for which falls on or before the relevant date of issue of such AP Consideration Shares.

The Company will be submitting an application, through its Sponsor (as defined below), to the SGX-ST for the listing and quotation of the AP Consideration Shares following the exercise of an Option. In such event, the Company will make the necessary announcements relating to the application and the receipt of the listing and quotation notice for the AP Consideration Shares.

As Mr. Luo will hold approximately 10.4% of the shares in the Company under the Maximum Non-Cash Scenario, the Company does not expect any change in control arising from the issue of AP Consideration Shares under the Maximum Non-Cash Scenario.

7. FINANCIAL EFFECTS OF THE NOTES SUBSCRIPTION AND RPS 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 and the RPS Subscription are estimated as follows:

(a) NTA

Assuming that the Notes Subscription and the RPS Subscription had been completed on 31 December 2013, and that there were no significant expenses relating to the Notes Subscription and the RPS Subscription, the effect of the Notes Subscription and the RPS 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 and the RPS 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 |

(b) Earnings

Assuming that the Notes Subscription and the RPS Subscription were completed on 1 January 2013, and APR earned S\$1.88 million of interest income and declared S\$0.88 million of dividends to the Investors in FY2013, the effect of the Notes Subscription and the RPS Subscription on the earnings per share of the Group for FY2013 would have been:

| | FY2013 | FY2013 after adjusting for the Notes Subscription and the RPS Subscription |
|---|-------------|--|
| (Loss) attributable to shareholders (S\$'000) | (3,667) | (2,706) ⁽¹⁾ |
| Number of shares | 800,000,000 | 800,000,000 |
| Earnings per share (S\$ cents) | (0.46) | (0.34) |

Note:

- (1) Loss attributable to shareholders is derived after taking into consideration the interest to be earned, dividends to be paid and the related tax expenses, but not the amortisation of the loan receivables and the fair value of the adjusted derivative assets and liabilities, if any.

It should be noted that the above-mentioned financial effects have been calculated for illustrative purposes only, and does not take into consideration the financial effects relating to the possible exercise of an Option, or seek to present the financial effects under the Maximum Cash Scenario and/or the Maximum Non-Cash Scenario as set out above.

The Company will make further announcements to present the illustrative financial effects relating to the exercise and/or completion of the exercise of an Option upon the same being exercised.

8. 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 and/or the RPS Subscription, save for their interests arising by way of their shareholdings and/or directorships, as the case may be, in the Company.

9. CAUTION IN TRADING

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

As mentioned in the First Announcement, 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 issue of AP Consideration Shares to Mr. Luo and/or the Investors in connection with the exercise of an Option.

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

30 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 Singapore Exchange Securities Trading Limited (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

Particulars of the Investors

| | Name | Number of RPS |
|-----|-------------------------------------|----------------------|
| 1. | Chan Chong Beng | 600,000 |
| 2. | Chen Dan | 200,000 |
| 3. | Cheng Li Hui | 500,000 |
| 4. | Chia Teo Huat | 250,000 |
| 5. | Heng Kheng Long | 250,000 |
| 6. | Kiong James | 1,000,000 |
| 7. | Lee Soo Hian James | 500,000 |
| 8. | Lim Chye Huat @ Bobby Lim Chye Huat | 250,000 |
| 9. | Ngo Swee Liang | 200,000 |
| 10. | Ong Chu Poh | 250,000 |
| 11. | Tan Hong Lye Cecilia | 250,000 |
| 12. | Tan Tin Yeow | 500,000 |
| 13. | Tay Hwee Ming | 500,000 |
| 14. | Teo Kek Tjok @ Teo Kek Yeng | 250,000 |
| 15. | Wang Zhong | 250,000 |
| 16. | Yi Prime Pte. Ltd. | 1,000,000 |
| 17. | Yves Ygonet | 250,000 |
| | Total: | 7,000,000 |

Schedule 2

Principal terms of the RPS

- Issue Price** : S\$1.00 per RPS (the "**Issue Price**"). The RPS to be issued shall be denominated in Singapore dollars.
- Issue Date** : 30 April 2014 (or such other date as may be agreed between APR and the Investors), which is also the Closing Date for the Notes Subscription.
- Commencement Date** : 15 May 2014, being the fifteenth day from the RPS Completion Date (the "**Commencement Date**").
- Total Number of RPS** : 7.0 million RPS to be subscribed by the Investors as set out in Schedule 1 to this announcement.
- Dividends** : Investors shall be entitled to, in respect of each RPS:
- (a) a preferential cash dividend at the annual rate of 10% of the Issue Price ("**Preference Cash Dividend**") which shall be declared by APR on an annual basis within 15 days upon receipt of cash interest pursuant to the Notes; and
 - (b) a preferential deferred dividend at the annual rate of 2.5% of the Issue Price ("**Preference Deferred Dividend**") which shall be declared by APR on the Redemption Date upon receipt of deferred interest pursuant to the Notes.
- Redemption** : The RPS may be redeemed by APR:
- (a) in cash ("**Cash Redemption**"); or
 - (b) by new LYR Shares ("**Non-Cash Redemption**").

Cash Redemption

Redemption at Maturity

The outstanding RPS shall be redeemed by APR on the Maturity Date (or such other date as may be fixed by APR and notified to the Investors in writing) at 115% of the Principal Amount together with Preference Cash Dividends and Preference Deferred Dividends payable by APR to the Investors for the period up to (but excluding) the Maturity Date ("**Redemption**").

Mandatory Early Redemption

Any Investor may, at any time after receiving written notice from APR notifying Investors of the despatch of a default notice by APR to LYR (in relation to the occurrence of an event of default under the Notes), require APR to redeem any or all of the RPS held by such Investor at 115% of the Principal Amount together with Preference

Cash Dividends and Preference Deferred Dividends payable by APR for the period up to (but excluding) the date of such default notice (“**Mandatory Redemption Date**”), payment to be made on a date fixed by APR and notified to the Investors in writing.

Voluntary Early Redemption

APR shall have the right to redeem all (but not some only) of the outstanding RPS by giving all Investor(s) at least 30 days’ notice in writing (the “**Voluntary Redemption Notice**”), and such outstanding RPS shall be redeemed at 115% of the Principal Amount together with Preference Cash Dividends and Preference Deferred Dividends payable by APR for the period up to (but excluding) the date specified by APR in the Voluntary Redemption Notice (the “**Voluntary Redemption Date**”).

Non-Cash Redemption

Conditional upon the receipt of a written notice from APR notifying Investors of the option to request redemption of RPS and receive LYR Shares in consideration therefor (the “**Notes Redemption Notice**”), each Investor shall have the option, exercisable by serving written notice (the “**Conversion Notice**”) on APR any time between the date of the Notes Redemption Notice and two (2) weeks of such Notes Redemption Notice, to require APR to redeem all but not some only of the RPS held by such Investor and receive LYR Shares in consideration therefor. The service of a Conversion Notice shall be irrevocable.

Each Investor who has served a Conversion Notice (a “**LYR Investor**”) shall be entitled to receive such number of LYR Shares as if he had directly subscribed for, and had converted, Notes of a principal value equivalent to the value of his RPS. APR, as the holder of the Notes, shall procure the conversion of Notes of a principal value equivalent to the value of the RPS held by a LYR Investor, and direct the issuance and allotment of the LYR Shares arising from the conversion of such Notes to such LYR Investor.

Maturity Date : The earlier of the dates falling:

- (a) 30 months from the Commencement Date, being 15 November 2016; or
- (b) six (6) months after the completion of the sale and transfer of LYR Shares pursuant to the exercise of an Option (in accordance with the terms of the Option Agreement).

Redemption Date : Means:

- (a) the Maturity Date, if the “Redemption at Maturity” scenario applies;
- (b) the Mandatory Redemption Date, if the “Mandatory Early Redemption” scenario applies; or
- (c) the Voluntary Redemption Date, if the “Voluntary Early

Redemption” scenario applies.

- Ranking** : The RPS 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 provided under the terms of the RPS (annexed as a schedule to the RPS Subscription Agreement) to the extent permitted by any applicable laws or regulations.