

ASIAPHOS LIMITED

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

- (1) **THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 112,664,875 NEW ORDINARY SHARES IN THE CAPITAL OF ASIAPHOS LIMITED WITH UP TO 112,664,875 FREE DETACHABLE AND TRANSFERABLE WARRANTS; AND**
 - (2) **THE PROPOSED REDEMPTION OF 5,725,000 REDEEMABLE PREFERENCE SHARES IN THE CAPITAL OF NORWEST CHEMICALS PTE LTD**
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1. INTRODUCTION

The board (the “**Board**”) of directors (the “**Directors**”) of AsiaPhos Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing a renounceable non-underwritten rights issue (the “**Proposed Rights cum Warrants Issue**”) of up to 112,664,875 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at an issue price of S\$0.08 for each Rights Share (“**Issue Price**”), with up to 112,664,875 free detachable and transferable warrants (the “**Warrants**”), each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (“**New Share**”) at the exercise price of S\$0.08 for each New Share (“**Exercise Price**”), on the basis of one (1) Rights Share with one (1) Warrant for every eight (8) existing ordinary shares in the capital of the Company (“**Shares**”) held by the shareholders of the Company (“**Shareholders**”) as at a books closure date to be determined by the Board (“**Books Closure Date**”), fractional entitlements, if any, to be disregarded.

The Company has appointed United Overseas Bank Limited (“**Manager**” or “**Sponsor**”) as the manager for the Proposed Rights cum Warrants Issue.

In conjunction with the Proposed Rights cum Warrants Issue, the Company’s wholly-owned subsidiary, Norwest Chemicals Pte Ltd (“**NWC**”), is proposing to effect a redemption of the 5,725,000 redeemable preference shares in the capital of NWC (the “**NWC Preference Shares**”) issued on 26 January 2016 (the “**Proposed Redemption**”).

2. THE PROPOSED RIGHTS CUM WARRANTS ISSUE

Certain proposed terms and conditions of the Proposed Rights cum Warrants Issue are set out below. The terms and conditions of the Proposed Rights cum Warrants Issue are subject to such changes as the Board may, after consultation with the Manager and in its absolute discretion, deem fit. The final terms and conditions of the Proposed Rights cum Warrants Issue will be contained in the offer information statement (the “**Offer Information Statement**”) to be lodged with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), acting as agent on behalf of the Monetary Authority of Singapore (“**Authority**”), in connection with the Proposed Rights cum Warrants Issue and to be despatched by the Company to the Entitled Shareholders (as defined herein) in due course.

2.1 Principal Terms of the Proposed Rights cum Warrants Issue

The Rights Shares with Warrants will be offered at the Issue Price of S\$0.08 for each Rights Share on the basis of one (1) Rights Share with one (1) Warrant for every eight (8) existing Shares held as at the Books Closure Date, fractional entitlements, if any, to be disregarded. The Company does not have any outstanding convertible securities as at the date of this announcement.

Based on the issued share capital of the Company of 901,319,000 Shares as at the date of this announcement:

- (a) assuming that the Proposed Rights cum Warrants Issue is fully subscribed, 112,664,875 Rights Shares with 112,664,875 Warrants will be issued pursuant to the Proposed Rights cum Warrants Issue ("**Maximum Scenario**"); and
- (b) assuming that only the parties to the Irrevocable Deeds of Undertaking (and their Designated Nominees) (each as defined herein) subscribe for and pay in full, by way of acceptance or excess application in accordance with their respective Irrevocable Deeds of Undertaking and that the remaining Rights Shares with Warrants which are not the subject of the Irrevocable Deeds of Undertaking are not subscribed for, 109,062,500 Rights Shares with 109,062,500 Warrants will be issued pursuant to the Proposed Rights cum Warrants Issue ("**Minimum Scenario**").

Entitlements to subscribe for the Rights Shares with Warrants will be renounceable and are expected to be tradable on the Catalist Board ("**Catalist**") of the SGX-ST over a period to be determined by the Board in compliance with the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"). Entitled Shareholders will be at liberty to accept, decline or otherwise renounce or trade their provisional allotments of Rights Shares with Warrants and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Proposed Rights cum Warrants Issue.

The Rights Shares will be payable in full on acceptance and/or application, unless contemplated otherwise and as described below.

The Issue Price and the Exercise Price each represents a discount of approximately 20.8% to the closing price of S\$0.101 per Share on the date of this announcement.

2.2 Principal Terms of the Warrants

The Warrants will be issued free with the Rights Shares on the basis of one (1) Warrant for every one (1) Rights Share successfully subscribed for, fractional entitlements, if any, to be disregarded.

The Warrants will be immediately detachable from the Rights Shares upon issue and will be issued in registered form and constituted in an instrument by way of a deed poll (the "**Deed Poll**") that sets out the terms and conditions of the Warrants and which may from time to time be amended or supplemented. The Warrants will be listed and traded on Catalist under the book-entry (scripless) settlement system, upon the listing of and quotation for the Warrants on Catalist, subject to, *inter alia*, there being an adequate spread of holdings of the Warrants to provide for an orderly market in the Warrants. Each board lot of Warrants will consist of 100 Warrants or such other board lot size which the SGX-ST may require.

Each Warrant will, subject to the terms and conditions to be set out in the Deed Poll, carry the right to subscribe for one (1) New Share at the Exercise Price of S\$0.08 for each New Share within the period commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the third (3rd) anniversary of the date of issue of the Warrants (the "**Exercise Period**").

If such date falls on a day on which the register of members of the Company is closed or is not a market day, the last day of the Exercise Period shall be the immediately preceding market day on which the register of members of the Company remains open, but excluding such period(s) during which the register of warrant holders of the Company may be closed, subject to the terms and conditions of the Warrants as set out in the Deed Poll.

The Warrants that remain unexercised at the expiry of the Exercise Period shall lapse and cease to be valid for any purpose. The Exercise Price and the number of Warrants to be held by each holder of Warrants will be subject to adjustments under certain circumstances as

provided for in the Deed Poll and appropriate announcements on the adjustments will be made by the Company.

2.3 Status of the Rights Shares and the New Shares

The Rights Shares shall, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares for any dividends, rights, allotments or other distributions, the record date for which falls on or after the date of issue of the Rights Shares. The New Shares arising from the exercise of the Warrants shall, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares for any dividends, rights, allotments or other distributions, the record date for which falls on or after the relevant exercise date of the Warrants.

For this purpose, “record date” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may be notified by the Company) on which Shareholders must be registered with the Company, the Company’s share registrar, Boardroom Corporate & Advisory Services Pte. Ltd. (the “**Share Registrar**”), or The Central Depository (Pte) Limited (“**CDP**”), as the case may be, in order to participate in such dividends, rights, allotments or other distributions.

3. THE PROPOSED REDEMPTION

3.1 Background of the NWC Preference Shares

As announced by the Company on 26 January 2016, NWC has issued 5,725,000 NWC Preference Shares, at the issue price of S\$1.00 per NWC Preference Share, for an aggregate principal amount of S\$5,725,000 (the “**Principal Amount**”).

The holders of the NWC Preference Shares (the “**NWC Investors**”) and their shareholding proportions as at the date of this announcement are as set out in the table below:

NWC Investor	Number of NWC Preference Shares held	Percentage of NWC Preference Shares held
Dr. Ong Hian Eng (“ Dr. Ong ”) ⁽¹⁾	2,287,500	39.96%
Astute Ventures Pte Ltd (“ Astute Ventures ”) ⁽²⁾	2,000,000	34.93%
Teo Kek Tjok @ Teo Kek Yeng (“ Mr. Teo ”) ⁽³⁾	287,500	5.02%
Yi Prime Pte. Ltd. (“ Yi Prime ”) ⁽³⁾	1,150,000	20.09%
Total	5,725,000	100.00%

Notes:

- (1) Dr. Ong is the Chief Executive Officer and Executive Director of the Company and is also a controlling Shareholder. 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 controlling Shareholder. Dr. Ong holds 70% of the total number of issued shares in Fica, with the remaining 30% being held by his family members.
- (2) 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 (“**Melissa Ong**”), 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 Melissa Ong is a controlling Shareholder.
- (3) Mr. Lim Chee Kian (“**Mr. Lim**”) is the sole director and shareholder of Yi Prime. Neither Mr. Teo nor Mr. Lim is related to any Director and/or substantial Shareholder.

3.2 Principal Terms of the Deed for Early Redemption

In connection with the Proposed Redemption, the NWC Investors, NWC and the Company have today executed a deed under which it is agreed that, *inter alia*, an early redemption of the NWC Preference Shares will be effected ahead of the maturity date of the NWC Preference Shares of 26 January 2021 (the “**Deed for Early Redemption**”).

The key terms of the Deed for Early Redemption are as follows:

- (i) each NWC Investor irrevocably agrees to the Proposed Redemption of the NWC Preference Shares at 100% of the Principal Amount, which shall be redeemed by NWC out of proceeds of a fresh issue of shares issued to the Company for the purpose of the Proposed Redemption and in accordance with the terms and conditions of the Deed for Early Redemption;
- (ii) accrued dividends in respect of the NWC Preference Shares will be payable in cash by NWC to the NWC Investors;
- (iii) the Proposed Redemption will be conditional upon the completion of the Proposed Rights cum Warrants Issue to the satisfaction of the Company and subject to such completion, the Proposed Redemption shall take place on the allotment and issuance date of the Rights Shares with Warrants under the Proposed Rights cum Warrants Issue (the “**Completion Date**”);
- (iv) each NWC Investor will subscribe for the number of Rights Shares with Warrants and/or procure the subscription of and/or apply by way of excess application prior to the latest time and date for acceptance of and payment for the Rights Shares with Warrants under the Proposed Rights cum Warrants Issue (“**Closing Date**”) as set out in the table below:

NWC Investor	Number of Rights Shares to be subscribed for to fully redeem the NWC Preference Shares	Number of Warrants attached to the Rights Shares to be subscribed for
Dr. Ong	28,593,750	28,593,750
Astute Ventures	25,000,000	25,000,000
Mr. Teo	3,593,750	3,593,750
Yi Prime	14,375,000	14,375,000
Total:	71,562,500	71,562,500

- (v) subject to each NWC Investor (and, where relevant such persons nominated by the NWC Investor (the “**Designated Nominees**”)) performing its obligations in (iv) above and its respective Irrevocable Deed of Undertaking, the Company shall issue, allot and credit as fully paid-up such number of Rights Shares with Warrants to the respective NWC Investors (and, where relevant its Designated Nominee(s)) Provided That if the Proposed Rights cum Warrants Issue is oversubscribed and the Company is unable to issue in full such number of Rights Shares with Warrants to Mr. Teo and Mr. Lim (the Designated Nominee of Yi Prime), the value (based on the Issue Price) of the shortfall of such number of Rights Shares with Warrants required to fully redeem their respective NWC Preference Shares shall be paid in cash to them;
- (vi) Dr. Ong has nominated the other members of the OHE Group (as defined herein), being Fica and his family members, Kong Sou Hui Grace, Ong Bee Pheng and Ong Eng Keong as his Designated Nominees, whereas Yi Prime has nominated Mr. Lim, its sole shareholder and director, as its Designated Nominee; and
- (vii) the NWC Preference Shares shall be deemed to be cancelled upon (iv) and (v) having taken place.

3.3 Capitalisation of Intercompany Loan Balance Due from NWC

Upon the completion of the Proposed Rights cum Warrants Issue and the Proposed Redemption, an amount of S\$5,725,000 will be owing by NWC to the Company. The Company intends to capitalise such intercompany loan balance payable by NWC to the Company in full on the Completion Date by way of subscribing for 5,725,000 new ordinary shares in the issued and paid-up share capital of NWC, following which the issued and paid-up share capital of NWC comprising ordinary share capital of S\$35,442,607 and preference share capital of S\$5,725,000 will change to a resultant ordinary share capital of S\$41,167,607.

4. IRREVOCABLE DEEDS OF UNDERTAKING

In connection with the Proposed Redemption and pursuant to the Deed for Early Redemption, the NWC Investors (and in the case of Yi Prime, including its Designated Nominee, Mr. Lim) have today executed the following irrevocable deeds of undertaking (the "**Irrevocable Deeds of Undertaking**") in favour of the Company and NWC.

4.1 Dr. Ong

As at the date of this announcement, Dr. Ong, Fica, and Dr. Ong's family members, namely, his spouse, Kong Sou Hui Grace, and his children, Ong Bee Pheng and Ong Eng Keong (collectively, the "**OHE Group**") own in aggregate 282,071,250 Shares, representing approximately 31.30% of the total issued Shares, details of which are as follows:

Member of the OHE Group	Number of Shares held	Percentage of total issued Shares
Dr. Ong	8,021,684	0.89%
Fica	205,025,455	22.75%
Kong Sou Hui Grace	10,208,037	1.13%
Ong Bee Pheng	29,408,037	3.26%
Ong Eng Keong	29,408,037	3.26%
Total:	282,071,250	31.30%

As at the date of this announcement, Dr. Ong also owns 2,287,500 NWC Preference Shares which are redeemable at a principal amount of S\$2,287,500, representing approximately 39.96% of the existing total number of issued NWC Preference Shares.

As announced by the Company on 22 December 2016, pursuant to a shareholder's loan agreement entered into between Dr. Ong and the Company on 21 December 2016 (the "**Shareholder's Loan Agreement**"), Dr. Ong has extended a loan of S\$1,000,000 to the Company, which is interest-free, unsecured and for a duration of six (6) months (the "**Dr. Ong Loan**").

Dr. Ong has executed a deed of undertaking in favour of the Company and NWC (the "**Dr. Ong Deed of Undertaking**"), pursuant to which he has unconditionally and irrevocably undertaken that he will, *inter alia*:

- (a) subscribe for, by way of acceptance, an aggregate of 35,258,903 Rights Shares with Warrants (the aggregate value of which is S\$2,820,712.24 based on the Issue Price) to be provisionally allotted to the members of the OHE Group on the basis of their respective shareholdings in the Company as set out above; and
- (b) subscribe for up to 30,834,847 Rights Shares with Warrants (the aggregate value of which is up to S\$2,466,787.76 based on the Issue Price) which are not taken up by

the other Entitled Shareholders or their renounees (the “**Excess Rights**”) by way of excess application (subject to availability) (the “**Dr. Ong Excess Application**”).

The Dr. Ong Excess Application will exclude the Rights Shares with Warrants to be subscribed for by Astute Ventures, Mr. Teo and the Designated Nominee of Yi Prime, Mr. Lim, pursuant to the Deed for Early Redemption and their respective Irrevocable Deeds of Undertaking provided to the Company and NWC (further details of which are set out below).

Pursuant to the Dr. Ong Deed of Undertaking, it is also agreed that the Company shall, on the Completion Date, apply and set off against the subscription monies otherwise payable by Dr. Ong and the other members of the OHE Group in respect of the subscription of the Rights Shares with Warrants and the Excess Rights, the following amounts and in the following order of priority:

- (i) the principal amount of S\$2,287,500 in respect of the NWC Preference Shares held by Dr. Ong to be redeemed under the Proposed Redemption; and
- (ii) the principal amount of S\$1,000,000 of the Dr. Ong Loan pursuant to the Shareholder’s Loan Agreement to the extent required for payment of the aforementioned subscription monies. In the event that there is any remaining balance of the principal amount of the Dr. Ong Loan (after payment of the aggregate subscription monies for the Rights Shares with Warrants which Dr. Ong is obliged to subscribe for under the Dr. Ong Deed of Undertaking), such remaining balance shall be fully repaid by the Company out of a portion of the net proceeds of the Proposed Rights cum Warrants Issue, and the terms of the Shareholder’s Loan Agreement shall be deemed to have been amended and varied accordingly.

Pursuant to the Dr. Ong Deed of Undertaking, Dr. Ong has acknowledged that (assuming the entire principal amount in (i) and (ii) above are applied and set off against the subscription monies otherwise payable by Dr. Ong and the other members of the OHE Group) the additional cash amount payable by Dr. Ong for the subscription of the Rights Shares with Warrants and the Excess Rights shall be a maximum of S\$2,000,000 (the “**Additional Financial Outlay**”).

In view of the above, Dr. Ong has agreed to procure the delivery to the Company and the Sponsor of a confirmation in form and substance and/or from a bank acceptable to the Company that he has sufficient financial resources to satisfy the Additional Financial Outlay.

4.2 Astute Ventures

As at the date of this announcement, Astute Ventures owns 245,025,455 Shares, representing approximately 27.19% of the total issued Shares, and 2,000,000 NWC Preference Shares, representing approximately 34.93% of the total issued NWC Preference Shares.

Astute Ventures has executed a deed of undertaking in favour of the Company and NWC (the “**AV Deed of Undertaking**”) pursuant to which it has unconditionally and irrevocably undertaken that it will subscribe for 25,000,000 Rights Shares with Warrants (the aggregate value of which is S\$2,000,000 based on the Issue Price).

In view of the above, the full amount of subscription monies payable by Astute Ventures in connection with its subscription of 25,000,000 Rights Shares with Warrants pursuant to the AV Deed of Undertaking shall be fully set-off against the principal amount of the NWC Preference Shares held by it and which will be otherwise be payable by NWC to Astute Ventures under the Proposed Redemption.

4.3 Mr. Teo

As at the date of this announcement, Mr. Teo owns 280,000 Shares, representing approximately 0.03% of the total issued Shares, and 287,500 NWC Preference Shares, representing approximately 5.02% of the total issued NWC Preference Shares.

Mr. Teo has executed a deed of undertaking in favour of the Company and NWC (the "**Teo Deed of Undertaking**") pursuant to which he has unconditionally and irrevocably undertaken that he will, *inter alia*:

- (a) subscribe in full for his *pro-rata* entitlement of 35,000 Rights Shares with Warrants (the aggregate value of which is S\$2,800 based on the Issue Price); and
- (b) by way of excess application, subscribe for 3,558,750 Rights Shares with Warrants (the aggregate value of which is S\$284,700 based on the Issue Price).

In view of the above, assuming that the Proposed Rights cum Warrants Issue is not oversubscribed, the full amount of subscription monies payable by Mr. Teo in connection with his subscription of Rights Shares with Warrants pursuant to the Teo Deed of Undertaking shall be fully set off against the principal amount of the NWC Preference Shares held by him and which will otherwise be payable by NWC to Mr. Teo under the Proposed Redemption.

In the event that the Proposed Rights cum Warrants Issue is oversubscribed and there are insufficient Rights Shares with Warrants to satisfy the allotment and issuance to Mr. Teo of the full number of Excess Rights under his excess application, Mr. Teo has agreed, pursuant to the Teo Deed of Undertaking, that the value (based on the Issue Price) of the shortfall of Rights Shares with Warrants required to fully redeem his NWC Preference Shares shall be paid in cash to him.

4.4 Yi Prime and Mr. Lim

As at the date of this announcement, Mr. Lim owns 3,200,000 Shares, representing approximately 0.36% of the total issued Shares, and Yi Prime owns 1,150,000 NWC Preference Shares, representing approximately 20.09% of the total issued NWC Preference Shares.

Yi Prime and Mr. Lim have jointly executed a deed of undertaking in favour of the Company and NWC (the "**Yi Prime and Lim Deed of Undertaking**") pursuant to which they have unconditionally and irrevocably undertaken that Mr. Lim shall:

- (a) subscribe in full for his *pro-rata* entitlement of 400,000 Rights Shares with Warrants (the aggregate value of which is S\$32,000 based on the Issue Price); and
- (b) by way of excess application, subscribe for 13,975,000 Rights Shares with Warrants (the aggregate value of which is S\$1,118,000 based on the Issue Price).

In view of the above, assuming that the Proposed Rights cum Warrants Issue is not oversubscribed, the full amount of subscription monies payable by Mr. Lim in connection with his subscription of Rights Shares with Warrants pursuant to the Yi Prime and Lim Deed of Undertaking shall be fully set off against the principal amount of the NWC Preference Shares held by Yi Prime and which will otherwise be payable by NWC to Yi Prime under the Proposed Redemption.

In the event that the Proposed Rights cum Warrants Issue is oversubscribed and there are insufficient Rights Shares with Warrants to satisfy the allotment and issuance to Mr. Lim of the full number of Excess Rights under his excess application, Yi Prime and Mr. Lim have agreed, pursuant to the Yi Prime and Lim Deed of Undertaking, that the value (based on the Issue Price) of the shortfall of Rights Shares with Warrants required to fully redeem Yi Prime's NWC Preference Shares shall be paid in cash to Yi Prime.

4.5 No underwriting by financial institution

On the basis of the Deed for Early Redemption and the Irrevocable Deeds of Undertaking, the Company has decided to proceed with the Proposed Rights cum Warrants Issue on the basis that it will not be underwritten by any financial institution.

5. RATIONALE FOR THE PROPOSED RIGHTS CUM WARRANTS ISSUE AND USE OF PROCEEDS

The Proposed Rights cum Warrants Issue is intended to raise funds to strengthen the Group's financial position by increasing its capital base and also reducing the gearing of the Group through the Proposed Redemption. Based on the unaudited financial statements of the Group for the nine-month period ended 30 September 2016, the Group was in a net current liabilities position of approximately S\$4.04 million. The net cash proceeds (after deducting estimated expenses) from the Proposed Rights cum Warrants Issue, together with the Proposed Redemption, is expected to result in an improvement in the working capital position of the Group.

The Proposed Rights cum Warrants Issue will also provide Shareholders with an opportunity to maintain their equity participation in the Company. As and when the Warrants are exercised, the Group's financial position will be improved further.

For illustration purposes:

- (a) Under the Maximum Scenario, the estimated net proceeds from the Proposed Rights cum Warrants Issue, after deducting estimated expenses of approximately S\$0.30 million, is expected to be approximately S\$8.71 million. The Company intends to utilise such proceeds as follows:
 - (i) S\$5,725,000 for the Proposed Redemption;
 - (ii) S\$1.0 million for the repayment of the Dr. Ong Loan; and
 - (iii) the balance of approximately S\$1.99 million for the Group's general and corporate working capital purposes, including but not limited to the Group's operating costs.
- (b) Under the Minimum Scenario, the estimated net proceeds from the Proposed Rights cum Warrants Issue, after deducting estimated expenses of approximately S\$0.30 million, is expected to be approximately S\$8.42 million. The Company intends to utilise such proceeds as follows:
 - (i) S\$5,725,000 for the Proposed Redemption;
 - (ii) S\$1.0 million for the repayment of the Dr. Ong Loan; and
 - (iii) the balance of approximately S\$1.70 million for the Group's general and corporate working capital purposes, including but not limited to the Group's operating costs.

Assuming the maximum number of 112,664,875 Warrants are issued and in the event that all Warrants are exercised, the Company will raise gross proceeds of approximately S\$9.01 million. The Company intends to utilise the proceeds received from the exercise of Warrants (the "**Warrants Proceeds**") for its general corporate and working capital requirements and/or such other purposes as the Directors may in their absolute discretion deem fit.

Pending deployment of the net proceeds for the Proposed Rights cum Warrants Issue and the Warrants Proceeds (as and when the Warrants are exercised), such proceeds may, subject to relevant laws and regulations, be deposited with banks and/or financial institutions, and/or

used for repayment of short-term borrowings and/or used for any other purpose on a short-term basis as the Board may, in its absolute discretion, deem fit.

The Company will make periodic announcements on the utilisation of the net proceeds for the Proposed Rights cum Warrants Issue *via* SGXNET as and when such funds are materially utilised. The Company will also provide a status report on the use of such proceeds in the annual reports of the Company. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviations.

6. CONFIRMATION BY THE SECURITIES INDUSTRY COUNCIL

6.1 Interests of the OHE Group and the OKE Group

As at the date of this announcement:

- (a) the OHE Group owns in aggregate approximately 31.30% of the total issued Shares; and
- (b) Ong Kwee Eng (who is Dr. Ong's brother), Astute Ventures, Ong Kwee Eng's family members, namely his spouse, Ng Siew Tin, and his children, Simon Ong, Raymond Ong, Melissa Ong, and spouse of Raymond Ong, Lina Alamsjah (collectively, the "**OKE Group**") own in aggregate approximately 31.13% of the total issued Shares.

6.2 Confirmation by the Securities Industry Council

In connection with the Proposed Rights cum Warrants Issue and in view of the Dr. Ong Deed of Undertaking and the AV Deed of Undertaking, the Company had obtained confirmation from the Securities Industry Council that neither the OHE Group nor the OKE Group will be required to make a mandatory offer for the Company as contemplated under Rule 14 of the Singapore Code on Take-overs and Mergers as a result of their subscribing for the Rights Shares with Warrants and the exercise of the Warrants to be issued thereunder.

7. CONDITIONS FOR THE PROPOSED RIGHTS CUM WARRANTS ISSUE

7.1 Approvals

The Proposed Rights cum Warrants Issue is subject to, *inter alia*, the following:

- (a) the receipt of the listing and quotation notice from the SGX-ST for the dealing in, listing of and quotation for the Rights Shares, the Warrants and the New Shares on Catalist;
- (b) the lodgment of the Offer Information Statement, together with all other accompanying documents (if applicable) in respect of the Proposed Rights cum Warrants Issue with the SGX-ST, acting as an agent on behalf of the Authority; and
- (c) the receipt of the other necessary consents, approvals and waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Proposed Rights cum Warrants Issue and to give effect to the Proposed Rights cum Warrants Issue being obtained and not having been revoked or amended.

An application will be made to the SGX-ST, through the Sponsor, for the listing and quotation of the Rights Shares, the Warrants and the New Shares on Catalist.

7.2 General Mandate

The Proposed Rights cum Warrants Issue will be made pursuant to the authority under the general share issue mandate granted by the Shareholders at the annual general meeting of the Company held on 29 April 2016, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806(2) of the Catalist Rules.

8. WORKING CAPITAL

The Board is of the opinion that:

- (i) after taking into consideration the present banking facilities and operating cash flows of the Group, the working capital available to the Group is sufficient to meet its present requirements; and
- (ii) after taking into consideration the present banking facilities and operating cash flows of the Group as well as the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

9. ELIGIBILITY TO PARTICIPATE IN THE PROPOSED RIGHTS CUM WARRANTS ISSUE

9.1 Eligibility to Participate

The Company proposes to provisionally allot the Rights Shares with Warrants to all Shareholders who are eligible to participate in the Proposed Rights cum Warrants Issue (the “**Entitled Shareholders**”), comprising Entitled Depositors and Entitled Scripholders (each as defined herein), on the basis of their shareholdings as at the Books Closure Date. Entitled Shareholders will be entitled to participate in the Proposed Rights cum Warrants Issue and receive the Offer Information Statement together with the appropriate application forms and accompanying documents at their respective Singapore addresses as maintained with the records of the CDP or the Share Registrar, as the case may be.

Fractional entitlements, if any, to the Rights Shares with Warrants will be disregarded and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications (if any), or disposed of or otherwise dealt with in such manner as the Board may, in its absolute discretion, deem fit.

9.2 Entitled Depositors

Entitled Depositors are Shareholders with Shares standing to the credit of their securities accounts (the “**Securities Account**”) with CDP and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have provided CDP with addresses in Singapore for the service of notices and documents not later than 5.00 p.m. (Singapore time) on the date falling three (3) Market Days¹ prior to the Books Closure Date (the “**Entitled Depositors**”).

Entitled Depositors will be provisionally allotted the Rights Shares with Warrants on the basis of the number of Shares standing to the credit of their Securities Accounts as at 5.00 p.m. (Singapore time) on the Books Closure Date.

9.3 Entitled Scripholders

Entitled Scripholders are Shareholders whose (i) share certificates are not deposited with CDP, (ii) Shares are registered in their own names, and (iii) registered addresses with the Share Registrar are in Singapore as at the Books Closure Date or who have provided the

¹ “**Market Day**” means a day on which the SGX-ST is open for trading in securities.

Share Registrar with addresses in Singapore for the service of notices and documents not later than 5.00 p.m. (Singapore time) on the date falling three (3) Market Days prior to the Books Closure Date, and who have tendered to the Share Registrar valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date (the **"Entitled Scripholders"**).

Entitled Scripholders will have to submit duly completed and stamped transfers in respect of Shares not registered in the name of CDP, together with all relevant documents of title, so as to be received up to 5.00 p.m. (Singapore time) on the Books Closure Date by the Share Registrar, in order to be registered to determine provisional allotments of Rights Shares with Warrants.

9.4 Foreign Shareholders

The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various securities laws requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in jurisdictions other than Singapore, the Offer Information Statement and its accompanying documents will NOT be despatched to Shareholders with registered addresses outside Singapore and who have not, at least three (3) Market Days prior to the Books Closure Date, provided CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents (the **"Foreign Shareholders"**) and accordingly, the Rights Shares with Warrants will NOT be offered to Foreign Shareholders.

The Offer Information Statement and its accompanying documents will not be despatched, lodged, registered or filed in any jurisdiction other than Singapore. Accordingly, Foreign Shareholders will not be entitled to participate in the Proposed Rights cum Warrants Issue. As Foreign Shareholders will not be entitled to participate in the Proposed Rights cum Warrants Issue, no provisional allotment of Rights Shares with Warrants will be made to Foreign Shareholders and no purported acceptance thereof or application for any excess Rights Shares with Warrants therefor by any Foreign Shareholder will be valid.

The Offer Information Statement and its accompanying documents will also NOT be despatched to persons purchasing entitlements to Rights Shares with Warrants through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore (the **"Foreign Purchasers"**). Foreign Purchasers may not accept any "nil-paid" rights credited to their Securities Account unless the Company and its counsel are satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

Entitlements to Rights Shares with Warrants which would otherwise have been provisionally allotted to Foreign Shareholders will, if practicable to do so and at the absolute discretion of the Company, be sold "nil-paid" on Catalist, as soon as practicable, after dealings in the provisional allotments of Rights Shares with Warrants commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto. The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the depository register maintained by CDP as at the Books Closure Date and sent to them at their own risk by ordinary post. If the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount shall be dealt with as the Board may, in its absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager and/or CDP in connection therewith.

Where the provisional allotments of Rights Shares with Warrants are sold "nil-paid" on Catalist, they will be sold at such price or prices as the Company may, in its absolute

discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager, CDP, the Share Registrar and/or their respective officers in connection therewith. If such provisional allotments of Rights Shares with Warrants cannot be sold or are not sold on Catalist as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares with Warrants, the new Shares represented by such provisional allotments will be allotted and issued to satisfy applications for excess Rights Shares with Warrants or disposed of or dealt with in such manner as the Board may, in its absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager, CDP, the Share Registrar and/or their respective officers in connection therewith.

SHAREHOLDERS WITH REGISTERED ADDRESSES OUTSIDE SINGAPORE WHO WISH TO PARTICIPATE IN THE PROPOSED RIGHTS CUM WARRANTS ISSUE MAY PROVIDE AN ADDRESS IN SINGAPORE FOR THE SERVICE OF NOTICES AND DOCUMENTS BY NOTIFYING IN WRITING, AS THE CASE MAY BE, (I) THE CENTRAL DEPOSITORY (PTE) LIMITED AT 9 NORTH BUONA VISTA DRIVE, #01- 19/20 THE METROPOLIS TOWER 2, SINGAPORE 138588 OR (II) ASIAPHOS LIMITED C/O THE SHARE REGISTRAR, BOARDROOM CORPORATE & ADVISORY SERVICES PRIVATE LIMITED, AT 50 RAFFLES PLACE, #32-01 SINGAPORE LAND TOWER, SINGAPORE 048623, IN EACH CASE, AT LEAST THREE (3) MARKET DAYS PRIOR TO THE BOOKS CLOSURE DATE.

9.5 Provisional Allotments and Excess Applications

Entitled Shareholders will be at liberty to accept in full or in part, decline or otherwise renounce or, in the case of Entitled Depositors only, trade (during the “nil-paid” rights trading period prescribed by the SGX-ST) their provisional allotments of the Rights Shares with Warrants and will also be eligible to apply for Rights Shares with Warrants in excess of their provisional allotments under the Proposed Rights cum Warrants Issue.

Entitlements which are not allotted or taken up for any reason (including any fractions of a Rights Share (with one (1) Warrant)) will be aggregated and issued to satisfy applications, if any, for excess Rights Shares with Warrants or otherwise disposed of or dealt with in such manner as the Board may, in its absolute discretion, deem fit in the interests of the Company.

Fractional entitlements to the Rights Shares with Warrants, if any, will be disregarded in arriving at the Entitled Shareholders’ entitlements and will, together with the provisional allotments of Rights Shares with Warrants which are not taken up for any reason, be aggregated and allotted to satisfy excess applications for excess Rights Shares with Warrants (if any), or be disposed of or otherwise dealt with in such manner as the Board may in its absolute discretion, deem fit for the benefit of the Company subject to applicable laws and the Catalist Rules.

In the allotment of excess Rights Shares with Warrants, preference will be given to Entitled Shareholders for rounding of odd lots, and the Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Group or the terms of the Proposed Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares with Warrants.

The procedures for, and the terms and conditions applicable to, acceptances, renunciation and/or sales of the provisional allotments of the Rights Shares with Warrants and for the applications for excess Rights Shares with Warrants, including each different mode of acceptance or application and payment, will be contained in the Offer Information Statement and the relevant application forms.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement 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 has any interest, direct or indirect, in the Proposed Rights cum Warrants Issue and the Proposed Redemption.

11. RESPONSIBILITY STATEMENT OF THE DIRECTORS

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 Proposed Rights cum Warrants Issue and the Proposed Redemption, 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 Board 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.

12. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution in trading in the Shares as there is no certainty or assurance that the Proposed Rights cum Warrants Issue and the Proposed Redemption will materialise. Shareholders and investors are also advised to read this announcement and any further announcements by the Company carefully, and where in doubt as to the action that they should take, they should consult their financial, tax or other professional adviser immediately.

BY ORDER OF THE BOARD

Simon Ong Eng Hock
Executive Director
ASIAPHOS LIMITED

30 December 2016

This announcement has been prepared by the Company and its contents have been reviewed by 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 person for the Sponsor is 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.