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FOR IMMEDIATE RELEASE

AsiaPhos achieves revenue growth and profit for FY2017

Summary of Financial Results For the Year Ended 31 December:

S$'000	FY2017	FY2016	+/(-) %
Total Revenue	51,075	34,345	49
- Upstream revenue	*6,990*	*10,787*	*(35)*
- Downstream revenue	*44,085*	*23,558*	*87*
Gross Profit	8,851	5,255	68
(Loss) /profit before tax	976	(1,931)	n.m.
Net attributable (loss) / profit	214	(1,734)	n.m.
Net asset value/share (cents)	9.76	10.10	(3)

n.m. - not meaningful

SINGAPORE – 28 February 2018 – AsiaPhos Limited ("**AsiaPhos**" and together with its subsidiaries, the "**Group**"), a Singapore-headquartered mineral resources company focused on the manufacturing of phosphate-based chemicals, reported an increase of almost 50% in revenue to S$51.1 million for the financial year ended 31 December 2017 ("**FY2017**"), compared to S$34.3 million the year before ("**FY2016**").

This was driven mainly by the downstream segment, which accounted for 86% of the Group's total revenue in FY2017. The downstream business saw an increase in revenue of 87% to S$44.1 million, against S$23.6 million in FY2016, while segment profit before tax more than quadrupled to S$5.3 million in FY2017. The increase was due to both higher quantity of P_4 sold and average selling prices achieved during the year. The Group sold 15,450 tonnes of P_4 in FY2017, compared to 9,840 tonnes in FY2016.

Notably, the Group's other downstream chemicals, namely STPP and SHMP, generated revenue of S$1.6 million, almost double of S$0.9 million previously.

Dr. Ong Hian Eng (王显荣博士), the Chief Executive Officer and Executive Director of AsiaPhos Limited said,

> **"**As early as late 2016, we made the strategic decision to focus on building our downstream segment, which was of higher value-add. The combination of technological advancements and market developments has opened up new opportunities for phosphorous and phosphate base chemicals, and these new applications offer strong growth potential. As such, we have started to restructure our business to adopt a more focused approach in growing the downstream business which will allow us to streamline our operations and focus our resources on maximizing growth opportunities."

With the Group's conscious effort to focus more on its downstream segment, revenue from the upstream segment declined to S$7.0 million, from S$10.8 million the year before, while segment profit before tax declined to S$1.0 million from S$2.2 million previously.

Overall, after taking into account corporate interest expenses and taxation the Group reported a net attributable profit of S$0.2 million in FY2017, against a loss of S$1.7 million in FY2016.

Updates

Upstream Segment

Following the withdrawal requests for the mining and exploration licences for Mine 2 and Fengtai, and the non-renewal of the mining license for Mine 1, the Group has been working to safeguard the value of the Group's assets. Negotiations with the local and provincial governments are ongoing on the value and timing of the consideration that the Group will receive from the planned acquisition of the mining assets.

If an amicable settlement is reached, the Group will use the settlement proceeds it receives to strengthen the Group's financial position, and invest in growing the Group's downstream segment.

“While this is an unfortunate development, the positive is that it will enable us to accelerate the cash flow benefits of our mining assets, which will provide the Group with a war chest to meet the future needs of growing our downstream business, where the growth potential is. We intend to distribute surplus proceeds to shareholders,” added Dr Ong.

As at 31 December 2017, all mining-related property, plant and equipment, mining properties, goodwill and mining deposits have been classified as held for sale and included in current assets. These assets are carried at S$89.3 million, net of associated liabilities. Based on independent valuation, the fair value of the relevant assets is greater than their carrying costs. The upstream segment has also been presented as discontinued operations to comply with the requirements of FRS 105.

Downstream Segment

Sales of P_4 in January and February 2018 have picked up with prices starting to increase, as the Group’s customers prepare to resume production after the lunar new year. Management will continue to monitor the cost of raw materials and production overheads, improve efficiency and reduce wastage. The Group will be purchasing phosphate rocks from third party suppliers after depleting its existing inventory of phosphate rocks that were extracted from its mines in FY2017. Management is exploring the possibility of obtaining financial grants to offset the expected higher production costs of P_4 resulting from the increased cost of purchased rocks.

To diversify its revenue streams, the Group is also developing the export markets for STPP and SHMP through investing in online marketing initiatives to raise its international profile in the phosphate-related industries. The initial response has been encouraging.

Going forward

The PRC government’s commitment to clean up the environment by cutting excess capacity in many industries is expected to lead to higher commodity prices and improved profitability for companies that are able to meet the stringent environmental requirements. As such, the

Group is implementing new sustainability-driven initiatives that will improve efficiency and minimise wastage.

One of these initiatives, which is also part of an ongoing internal restructuring programme, is the plan to construct a SHMP plant that will utilise the waste gas from the production of P_4. Management plans to expand the Group's product offering and create additional revenue streams and cash flows.

The Group is also in discussions with customers and strategic partners to explore other areas of cooperation that will enhance shareholder value.

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About AsiaPhos Limited

*AsiaPhos Limited was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 7 October 2013, and is the first mineral resources company listed on the SGX-ST which is solely focused on the exploring and mining phosphate in the PRC with the ability to manufacture and produce phosphate-based chemical products. To make full use of phosphate, which is a valuable and non-renewable natural resource, AsiaPhos is adopting a vertically-integrated strategy which will comprise the mining of phosphate rocks from its existing mines and the production of phosphate-based chemical products.*

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This press release should be read in conjunction with the Company's announcement dated 28 February 2018 in relation to the Group's unaudited financial statements for the year ended 31 December 2017.

This press release has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the SGX-ST. The Company's Sponsor has not independently verified the contents of this press release, including the correctness of any of the figures used, statements or opinions made.

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