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## ENTRY INTO MEMORANDUM OF UNDERSTANDING WITH MIANYANG AOSTAR PHOSPHORUS CHEMICAL INDUSTRY CO., LTD.

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The board of directors (the “**Board**”) of AsiaPhos Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce that Sichuan Mianzhu Norwest Phosphate Chemical Limited (“**Mianzhu Norwest**”), a wholly-owned subsidiary of the Company, has on 3 November 2016, entered into a non-binding memorandum of understanding with Mianyang Aostar Phosphorus Chemical Industry Co., Ltd. (绵阳启明星磷化工有限公司) (“**Mianyang Aostar**”) to collaborate on certain initiatives in relation to the Group’s operations (the “**MOU**”).

Mianyang Aostar is one of the biggest manufacturers in the People’s Republic of China (“**PRC**”) of yellow phosphorus, phosphoric acid and related phosphate products based in Mianyang City, Sichuan Province, and is a purchaser of phosphate rocks from the Group.

Under the terms of the MOU, Mianyang Aostar and Mianzhu Norwest intend to cooperate on, *inter alia*, the following areas:

- (i) Enhancing communication of information in relation to the market for P<sub>4</sub> in the PRC between Mianyang Aostar and Mianzhu Norwest, with the aim of establishing reasonable pricing and the prevention of unfair competition;
- (ii) (a) Mianzhu Norwest will, subject to the Group’s internal requirements, prioritise the fulfilment of purchase orders placed by Mianyang Aostar (if any) for phosphate rocks from the Group. Under the MOU, Mianyang Aostar has indicated that it may purchase approximately 20,000 tonnes of phosphate rocks and up to 100,000 tonnes of phosphate rocks from the Group in the remaining months of 2016 and in 2017 respectively, and (b) Mianzhu Norwest and Mianyang Aostar will seek to purchase phosphate-based chemical products from each other to satisfy orders received from third parties which are in excess of their respective available inventory or capacity (where applicable); and
- (iii) Explore the purchase of electricity by Mianzhu Norwest at preferential rates, by leveraging on Mianyang Aostar’s existing electricity arrangements.

Shareholders should note that the MOU is non-binding in nature and may or may not lead to the entry into of definitive agreement(s) with Mianyang Aostar by the Group in relation to the initiatives contemplated under the MOU.

The signing of the MOU is not expected to have any material impact on the net tangible assets per share and earnings per share of the Group for the current financial year ending 31 December 2016.

None of the directors or the controlling shareholders of the Company has any direct or indirect interest in this MOU, save through their shareholding interests in the Company.

The Company will make further announcements as and when there are material developments with regard to the initiatives contemplated under the MOU.

BY ORDER OF THE BOARD

Simon Ong Eng Hock  
 Executive Director  
 AsiaPhos Limited  
 4 November 2016



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*This announcement has been prepared by the Company and its contents have been 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 ("**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 Khiat, Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, Telephone: +65 6533 9898.*

