CHEMICAL PRODUCTION OPERATIONS - PHASE 2 OF REBUILDING PROGRAM AND OTHER INITIATIVES

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

The Board of Directors (the "**Board**") of AsiaPhos Limited (the "**Company**") wishes to inform Shareholders that Mianzhu Norwest, a wholly owned subsidiary of the Company has on 21 July 2014 entered into a letter of intent ("**LOI**") with 四川绵竹经济开发区管理委员会(Sichuan Mianzhu Economic Development Zone Authority) ("**SMEDZA**") to invest in GongXing Industrial Park ("**GongXing Industrial Park**") in Sichuan Mianzhu Economic Development Zone on the production and other ancillary services of phosphate based chemical products where our factory operations are currently located.

Pursuant to this LOI the Company through its subsidiary, Mianzhu Norwest will bring in investments of up to RMB300,000,000 of which fixed asset investment of RMB1.8 million per mu^2 is required in GongXing Industrial Park within a period of 3 years and must commence the development three months from the date that Mianzhu Norwest legally obtains the land use rights.

The proposed investments to be made by the Company in the GongXing Industrial Park will, upon completion and under the LOI, have a capacity to produce:

(a) 30,000 tons per year of food grade thermal process phosphoric acid (PA),
(b) 20,000 tons of P_2O_5,
(c) 20,000 tons per year of food grade SHMP,
(d) 10,000 tons per year of food grade sodium acid pyrophosphate (SAPP),
(e) comprehensive utilisation of flue gas from yellow phosphorus production;
(f) relocation of 30,000 tons per year of STPP production line; and
(g) other phosphate related chemicals.

At the same time, SMEDZA will assist Mianzhu Norwest to obtain any electricity or other subsidies (**其他可行性的**优惠条件) for GongXing Industrial Park. The project's economic benefit includes generating tax income of up to RMB60 million and 200 new jobs. SMEDZA is a department of the Mianzhu Government, in the People's Republic of China (PRC).

The LOI will be terminated if relevant projects are not commenced within 60 days from the date agreed in the LOI. Furthermore, should the project under the LOI are suspended for more than 180 days or are not completed under the timeframe stipulated in the LOI, the PRC Land Bureau guidelines will apply to the projects.

None of the Directors or the Controlling Shareholders of the Company has any direct or indirect interest in this LOI, save through their shareholding interests in the Company.

The Company will make further announcements as and when there are material developments on the above.

Shareholders and potential investors should exercise caution when trading in the Company's shares. 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

21 July 2014

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*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.