
RESPONSE TO QUERY REGARDING TRADING ACTIVITY

The board of directors (the “**Board**”) of AsiaPhos Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to respond to the queries from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) today regarding unusual volume movements of shares of the Company (“**Shares**”) and its responses are set out below:

Question 1:

Are you (the issuer) aware of any information not previously announced concerning you, your subsidiaries or associated companies which, if known, might explain the trading? Such information may include events that are potentially material and price-sensitive, such as discussions and negotiations that may lead to joint ventures, mergers, acquisitions or purchase or sale of a significant asset. You may refer to paragraph 9 in Appendix 7A of the Catalist Rules for further examples.

- If yes, the information shall be announced immediately

Response to Question 1:

The Company has today, released an announcement in relation to, *inter alia*, an unqualified opinion given by the Company’s independent auditor, but including an emphasis of matter to draw attention to the material uncertainty related to going concern in its independent auditor’s report dated 31 March 2017 for the financial statements of the Group for the financial year ended 31 December 2016.

The Company wishes to inform shareholders that average selling prices for the Group’s P₄ in March 2017 had increased by about 15% as compared to the average selling prices in February 2017. In the three-month period ended 31 March 2017, the Group had also continued the production of P₄ on a limited scale, whereas in the past, the Group typically ceased P₄ production in December and only resumed production in late April.

The Company would also like to highlight that it is part of the Group’s overall strategy to explore opportunities to maximise shareholders’ value in relation to the Group’s business. From time to time, the Group may be in discussions with other parties regarding potential business opportunities. However, such discussions are preliminary and incomplete at this juncture and the Company wishes to highlight that the outcome of these discussions cannot be certain and there is no assurance that they will materialise into any transaction. The Company will make an appropriate announcement in the event of any material developments in relation thereto.

Save as disclosed above, the Company is not aware of any information not previously announced concerning the Company, its subsidiaries or associated companies which might explain the trading activity.

Question 2:

Are you aware of any other possible explanation for the trading? Such information may include public circulation of information by rumours or reports.

Response to Question 2:

The Company is not aware of any other possible explanation for the recent unusual trading activity of the Shares. However, the Board wishes to highlight that the Company had on 24 March 2017 issued and allotted 112,664,875 rights shares and 112,664,875 warrants pursuant to a renounceable rights cum warrants issue, with the rights shares and warrants commencing trading with effect from 9.00 a.m. on 27 March 2017 and 28 March 2017, respectively, which may potentially account for the trading activity.

Question 3:

Can you confirm your compliance with the listing rules and, in particular, Catalist Rule 703?

Response to Question 3:

Yes, the Board confirms that the Company is in compliance with the listing rules and, in particular, Rule 703 of the Catalist Rules.

The Company has obtained the Board's approval on the replies to the queries as raised by the SGX-ST. In addition, the Board collectively and individually takes responsibility for the accuracy of the replies to the queries as raised by the SGX-ST on 31 March 2017.

BY ORDER OF THE BOARD

Simon Ong Eng Hock
Executive Director
ASIAPHOS LIMITED

31 March 2017

*This announcement has been prepared by the Company and its contents have been reviewed by 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.

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