

Singapore-headquartered mineral resources company focused on exploring and mining phosphate with a vertically-integrated business model launches Catalist IPO

- *The first company to be listed on the SGX-ST solely focused on exploring and mining phosphate in the PRC*
- *Adopts a vertically-integrated strategy to produce phosphate-based chemical products used in, or in the manufacturing process for, many everyday products*
 - *Offers 122 million Invitation Shares at S\$0.25 each*

SINGAPORE, 25 September 2013 – AsiaPhos Limited (“AsiaPhos” and together with its subsidiaries, the “Group”), a Singapore-headquartered mineral resources company with vertically-integrated phosphate-based chemical production operations in the pipeline, launched its initial public offering (the “IPO”) of 122 million Invitation shares (the “Invitation Shares”) priced at S\$0.25 each (the “Invitation”), in conjunction with its proposed listing on the Catalist Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”).

United Overseas Bank Limited (“UOB”) is the Sponsor and Underwriter of the Invitation. Asiasons WFG Capital Pte. Ltd. is the Placement Agent of the Invitation.

THE INVITATION

The Invitation Shares, comprising 97.6 million new shares and 24.4 million vendor shares, represent 15.25% of AsiaPhos’ enlarged post-Invitation share capital of 800 million shares. The Invitation comprises 2 million shares under the public offer tranche and 120 million shares under the placement tranche.

Based on the Invitation price of S\$0.25, the post-Invitation market capitalisation of AsiaPhos will be S\$200 million. It will be the first company to be listed on the SGX-ST which is solely focused on exploring and mining phosphate in the PRC with the ability to manufacture and produce phosphate-based chemical products.

“According to an independent valuation report¹, the preferred fair market value of the Group’s assets, namely the two mines and a P₄ plant, is between **RMB1.0 billion** (or approximately S\$207.6 million²) and **RMB1.6 billion** (or approximately S\$332.1 million²) with the preferred value being **RMB1.3 billion** (or approximately S\$269.8 million²) as at 31 March 2013. Accordingly, the Invitation price of S\$0.25 represents a discount of almost 26% to the preferred value,” said Mr Khong Choun Mun, Head of Corporate Finance, UOB.

The Invitation opens at 7.00 p.m. on 25 September 2013 and is expected to close at 12.00 noon on 3 October 2013. Electronic applications are expected to open at 12.30 p.m. on 26 September 2013. Trading of AsiaPhos’ shares is expected to commence on a “ready” basis at 9.00 a.m. on 7 October 2013.

ASIAPHOS - REBUILDING ITS VERTICALLY-INTEGRATED BUSINESS MODEL

AsiaPhos is a Singapore-headquartered company with rights to explore and mine phosphate in Qing Ping Town, Mianzhu City, Sichuan Province, the PRC.

Led by a management team with more than ten years of relevant experience in their respective fields, AsiaPhos owns exploration and mining rights to two mines with a total permit area of 5.5 km². AsiaPhos believes that the phosphate rocks obtained from its mining operations have relatively high phosphorous pentoxide (“P₂O₅”) content and relatively low arsenic content levels. These are considered to be of higher quality compared to the average grade of phosphate rocks mined in the PRC.

Phosphate is a valuable and non-renewable natural resource, and has numerous commercial and industrial applications. The root element, phosphorus, is an important nutrient for human, animal and plant life. Phosphorus, phosphates and phosphate-based chemical products are used in, or in the manufacturing processes for, many everyday products, such as fire retardants; oral hygiene products; food and beverage products (e.g. poultry products and fish fillets); liquid crystal display (LCD) panels and plasma screens; and pharmaceutical products.

¹ Prepared and presented by Jones Lang LaSalle Corporate Appraisal and Advisory Limited in accordance with the VALMIN Code

² Based on the exchange rate as at 15 August 2013, being the latest practicable date prior to the lodgment of the offer document of AsiaPhos with the SGX-ST

AsiaPhos is helmed by Chief Executive Officer (“CEO”) and Executive Director, Dr Ong Hian Eng (王显荣博士), who has extensive knowledge of, and experience in, the phosphate industry. He is supported by a team of key executives, many of whom have more than ten years of relevant experience in their respective fields.

AsiaPhos' PRC subsidiary started chemical production operations in Sichuan after its incorporation in 1996. In 2002, it expanded upstream into phosphate mining when it acquired mining rights to two mines in Sichuan. In 2008, it received the exploration rights for additional mining depths and areas in the vicinities of its two mines. However, both phosphate mining and phosphate-based chemical production operations were disrupted when the Wenchuan Earthquake struck in 2008.

Since then, with support from the PRC government, local PRC authorities and customers, the Group has restored access to its mines and is in the midst of its rebuilding programme.

To date, commercial mining operations have resumed in one mine while the second mine is undergoing trial mining operations. According to independent estimates by Watts, Griffis and McOuat Limited³ (“WGM”), as at 31 December 2012 AsiaPhos had **22.2 million tonnes** of measured and indicated phosphorite resources and **18.8 million tonnes** of inferred phosphorite resources in its two mines.

The Group has also recently completed the construction of a processing facility for P₄ (a phosphate-based chemical product known as yellow phosphorus) under Phase 1 of its rebuilding programme and has commenced trial production of P₄ this year. The plant is designed to withstand earthquakes of up to 7.0 on the Richter magnitude scale.

Under Phase 2 of the rebuilding programme, the Group completed the temporary relocation of its sodium triphosphate (“STPP”) plant with designed capacity of 30,000 tonnes per year. It also plans to construct a thermal phosphoric acid plant and a sodium hexametaphosphate (“SHMP”) plant, with designed capacities of 30,000 and 20,000 tonnes per year respectively.

Dr Ong Hian Eng, CEO and Executive Director of AsiaPhos, said, “Our post-earthquake rebuilding programme is on track to restoring our vertically-integrated business of mining and processing phosphate rocks. Through this business model, we will sell both phosphate rocks and also phosphate-

³ WGM Technical Report dated 28 February 2013 prepared in accordance with NI 43-101 relating to the Group's mineral resources

based chemical products, thus widening our range of product offerings to customers. Our vertically-integrated strategy will also allow us to vary the sales and production of the different phosphate-based chemical products in accordance with market conditions to optimise profit margins and achieve our business strategies.”

Once implemented, AsiaPhos’ vertically-integrated strategy (see Appendix 1) will allow the Group to benefit from operational synergies such as controlling its chemical production processing costs, ensuring a more stable supply of phosphate rocks for the Group’s chemical production operations, as well as quality assurance of the raw materials used. The relatively high quality of phosphate rocks from its own mines translates to production and cost efficiencies.

The Group’s mines and the production facilities in Gongxing Town, Mianzhu City, Sichuan Province, the PRC, are located approximately 40 km from each other with quick access to customers and to transportation networks. With the completion of the Mian Mao Highway, the Group can expect to benefit from more reliable and shortened transportation time between the mines and production facilities, and to its customers. The Mian Mao Highway is constructed jointly by the Sichuan Development Commission and the Hong Kong SAR Mainland Affairs Bureau and is expected to be completed around 2015 / 2016.

BUSINESS STRATEGIES AND FUTURE PLANS

Over the next 18 months, AsiaPhos plans to carry out further mining and exploration activities to locate new phosphate deposits within specified areas permitted under its exploration rights, with a view to converting its exploration rights into mining rights. To support the expansion, it intends to increase the number of adits from 7 to up to 12 upon the successful conversion of its exploration rights to mining rights. In addition, AsiaPhos plans to invest in mining-related infrastructure, haulage systems and related equipment to improve productivity and safety standards at the mines, as well as repair and maintain roads to improve accessibility to the mines and adits.

With the completion of its rebuilding programme, AsiaPhos’ vertically-integrated business model will allow it to stabilise the price and supply of phosphate rocks, its main raw material, control their quality and enjoy flexibility in the sales and production of its phosphate rocks and phosphate-based chemical products. It has commenced trial production of P_4 this year and plans to build a flue gas storage facility

which will recycle flue gas, a by-product generated from the production of P_4 , and use it in the heating process to aid in the production of STPP and SHMP.

The Group's other business strategies and future plans include diversifying its portfolio of phosphate-based chemical products by establishing an in-house research and development team and/or through outsourcing such function. As part of its long-term growth strategy, it will also look for opportunities to expand through acquisitions, joint ventures and strategic alliances with parties who can create synergistic values with its existing business.

FINANCIAL HIGHLIGHTS (Financial Year Ended 31 December)

The Group's revenue increased from S\$2.8 million in FY2010 to S\$4.9 million in FY2012. This was driven mostly by the increase in revenue from phosphate rock mining which rose from S\$0.4 million in FY2010 to S\$3.7 million in FY2012, contributed by a surge in mining output from 4,200 tonnes to 60,100 tonnes during the same period. The Group recorded a profit before tax of S\$1.5 million in FY2012, an improvement from its loss of S\$1.2 million in FY2010. For the six months ended 30 June 2013, an aggregate of approximately 93,000 tonnes of phosphate rocks with an average P_2O_5 content of 30.6% were obtained.

USE OF PROCEEDS

The Group plans to use the net proceeds to be raised from the issue of new shares of approximately S\$21.6 million for the following purposes:

- Approximately S\$8.5 million for the development and expansion of the Group's mining operations
- Approximately S\$11.5 million for financing the balance of phase 1 and phase 2 of the rebuilding programme
- Approximately S\$1.6 million for working capital

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This Press Release does not purport to be complete and is qualified in its entirety by, and should be read in conjunction with, the full text of the Offer Document, including but not limited to the sections entitled “Risk Factors” and “Cautionary Notes Regarding Forward-Looking Statements” of the Offer Document. Words and expressions, unless otherwise defined in this Press Release, shall bear the same meanings assigned to them in the Offer Document.

Any decision to subscribe for and/or purchase any securities must be made solely on the basis of information contained in the Offer Document. Anyone who wishes to subscribe for and/or purchase the Invitation Shares shall make an application in the manner set out in the Offer Document.

Copies of the Offer Document and the Application Forms and envelopes may be obtained on request, during office hours, subject to availability, from:

United Overseas Bank Limited
80 Raffles Place
#03-03
UOB Plaza 1
Singapore 048624

Asiasons WFG Capital Pte. Ltd.
22 Cross Street
#03-54/61
China Square Central
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An electronic copy of the Offer Document can be obtained on the SGX-ST website at <http://www.sgx.com>.

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Appendix 1: AsiaPhos' business model integrating upstream phosphate rock mining operations and downstream phosphate-based chemical production operations

ASIAPHOS

Vertically-Integrated Business Model

